



EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Table with exchange rates for various currencies including Sterling, Dollar, and Stock Indices.

No.30,999

Wednesday November 15 1989

BRAZIL The elections are the easy bit Page 19

World News

Fighting in El Salvador leaves 400 people dead

El Salvador said 400 people had been killed in two days of heavy fighting between troops and left wing guerrillas...

Swapo wins election

The nationalist party Swapo won the Namibian independence elections, but failed to win two-thirds majority needed to introduce its own constitution...

Walesa union call

Lech Walesa called upon his fellow trade unionists in the US to mount an immediate campaign for a multi-billion dollar foreign investment programme to ensure the survival of Poland's fledgling democracy...

Immigration treaty

West Germany, France and the Benelux countries will sign a treaty next month on immigration and police co-operation allowing them to abolish controls on people crossing common frontiers...

US abortion stand

Leading US Republicans are urging the party to soften its strong anti-abortion position or face significant defeats in next year's US mid-term elections...

London car bomb

Prominent figures who might be chosen as IRA targets have been warned to exercise extreme caution following the discovery in London of a bomb which police said was aimed at a top Army officer...

Labour victory

Israel's Labour Party scored a comfortable election victory over its aggressive senior Government partner, Likud, in its trade union heartland...

Sri Lankan killing

Sri Lankan government said troops captured and killed Udaya Sumanayake, the second-in-command of the People's Liberation Front (JVP), on Monday when he tried to escape from custody...

Shuttle delayed

Possible faulty wiring in the US space shuttle's two booster rockets caused NASA to order a two-day delay in the next shuttle launch due to blast off on November 20...

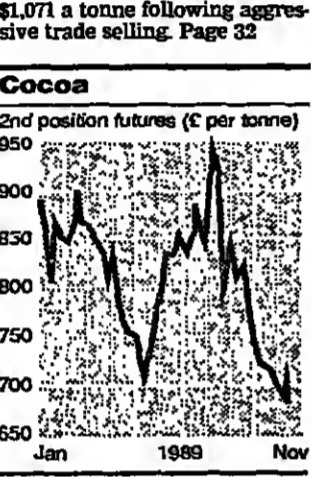
Business Summary

UBS Phillips & Drew told to change by regulators

The London Securities Association, market regulator, demanded changes to the way UBS Phillips & Drew, London securities house, runs its compliance department following Blue Arrow affair...

Cocoa

Cocoa prices hit fresh 14-year lows. March cocoa touched \$1,071 a tonne following aggressive trade selling...



AMERSHAM International

AMERSHAM International, privatised by UK Government in 1987, announced a 43 per cent fall in pre-tax profits...

AUSTRALIAN Government

AUSTRALIAN Government announced a \$22m rescue package to help the country's crippled tourism industry recover from the domestic pilots' dispute...

EUROPEAN Community-wide

EUROPEAN Community-wide internal trading rules, making it illegal for both "primary" and "secondary" insiders to trade on basis of confidential information, have been agreed by member states...

DAF, Dutch commercial

DAF, Dutch commercial vehicle group, has offered a far-reaching industrial package to the Spanish Government in its bid to take over Erasa, Spanish state-owned truck maker...

CHIEF executive of Scandinavian

CHIEF executive of Scandinavian Enskilda Banken, Sweden's largest commercial bank, Jacob Palmstierna, resigned following a tax investigation...

NMB Postbank, newly merged

NMB Postbank, newly merged Dutch bank which is in the process of partial privatisation, said its two sections would remain separate operating units...

SHEARSON Lehman Hutton, US securities house, plans

SHEARSON Lehman Hutton, US securities house, plans shake-up in its management which will affect senior people and cut through several layers of the organisation...

HONG KONG Government

HONG KONG Government reported that a third of overseas manufacturing companies find the colony's overall investment environment is not favourable following the recent events in China...

SINGAPORE will establish

SINGAPORE will establish an over-the-counter market for foreign shares by January 1990, to bring the Stock Exchange of Singapore closer to becoming a centre for off-shore securities trading...

E GERMAN BALLOT BEGINS KOHL IN POLISH ACCORD US HAILS CZECHS

Czechs ease travel curbs on citizens visiting West

By Leslie Collett in Berlin and Christopher Bobinski in Warsaw

CZECHOSLOVAKIA'S conservative leadership, unnerved by growing unrest in neighbouring East Germany, announced a relaxation of travel restrictions for citizens seeking to visit the West...



An East German border guard hands out barbed wire souvenirs from the Berlin Wall.

Mr Ladislav Adamec, the Prime Minister, said Czechoslovakia would abolish exit visas for travel to Western countries and Yugoslavia. This appeared to be an attempt to prevent the build-up of dissatisfaction which has triggered demands for political reforms in East Germany...

The people of Czechoslovakia have the same aspirations for freedom that others have, and I would expect we'd see further changes there, just as we have seen in Poland, Hungary and East Germany...

Mr Krenz. The newly appointed Prime Minister, Mr Hans Modrow, who joined the Politburo last week, is the leading candidate of rank-and-file members to become the new Party leader...

UK urges EC deal for Eastern bloc

By Philip Stephens, Political Editor, in London

MRS Margaret Thatcher, Britain's Prime Minister, yesterday called for the European Community to consider upgrading its links with the emerging democracies of Eastern Europe by giving them the association status currently enjoyed by Turkey...

It was conceived as a pretense to eventual Turkish membership, but the EC also has a range of other association agreements with Yugoslavia, Israel and Malta. East Germany already has its special status enshrined in the Community's founding treaties...

Senior Whitehall officials, however, acknowledged last night that the demolition of the Berlin Wall made it unlikely that the existing Lance missiles would ever be replaced.

Bond Corporation's accounts reveal June debt of A\$8.2bn

By Chris Sherwell in Sydney

BOND CORPORATION, the master company in Mr Alan Bond's besieged business empire, had A\$8.2bn (\$6.45bn) debts at the end of June and in breach of loan covenants, according to a heavily qualified set of accounts published by the company yesterday...

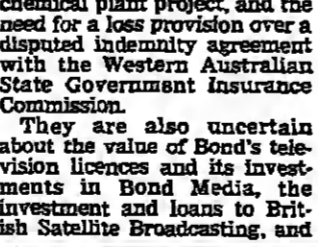
According to Arthur Anderson, however, uncertainties about the timing and content of the reconstruction programme and the values of significant assets means there is "some doubt" that Bond Corporation will be able to continue as a going concern...

The number and content of the qualifications are one of the report's most significant revelations, because they go beyond those signalled by Bond Corporation last month...

Vietnam phobia of the West has spread into Pol Pot's hands

By Chris Sherwell in Sydney

Pol Pot (left), under whose leadership the Khmer Rouge operated a genocidal policy in Cambodia during the 1970s, is poised for a military thrust that could restore him to power. The West's Vietnam phobia helps him...

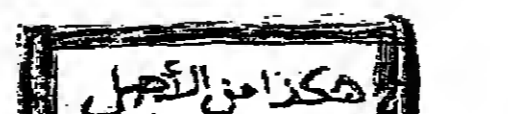


West European Nato needs to reset its sights, say analysts. Washington Republicans seek to soften their stance on abortion. Management Komatsu - Hoping for a smooth global ride. Editorial Comment: Speaking for Europe. Goodbye to London. ABB acquires of Combustions When the ketchup starts to flow. European monetary union Competition in policies, not currencies. Last Pearl, Cray Electronics, S & N, Unigate, Meyer.

MARKETS section with tables for Sterling, Dollar, Stock Indices, and Gold prices.

CONTENTS section listing various articles and their page numbers.

ESPREE WILL BE LONDON'S ULTIMATE HEALTH AND FITNESS CLUB. BUT THEN, THAT'S JUST THE HALF OF IT. The Espree Club is now under construction at Royal Mint Court. To find out what the ultimate health and fitness environment can offer...



EUROPEAN NEWS

Soviet coal strike starts to hit steel production

By Quentin Peel in Moscow

THE illegal coal miners' strike in the Soviet Union's remotest coalfield, at Vorkuta inside the Arctic Circle, has begun to affect Soviet steel production...

Government prepares proposals on co-operation with E Germany Bonn calls talks with big business

By David Goodhart in Bonn

THE West German Economics Ministry yesterday called a meeting of leading businessmen to discuss economic co-operation with East Germany...

reviewing plans to expand East-West rail and road networks to supplement the post-war "north-south" bias in the transport system. The express train link due to be opened soon between Hanover and Berlin may now require more stopping points inside East Germany...

can offer in return. The ministry is demanding much better conditions for doing business, including better and more direct contacts with business leaders (instead of export officials) and immediate legislation to allow joint-ventures. In return, it is prepared to offer funds at low interest rates under a programme which originated with the post-war Marshall Plan to East Germans who want to set up businesses.

These transactions had produced losses to the economy of Marks 65bn which had to be made up in the 1930s. Emboldened, a deputy asked whether it was true that inflation, another secret, was running at 12 per cent. "That cannot be precisely determined," the hapless minister replied. He was not far off the mark as the market basket on which the (non-existent) cost of living index was based was hopelessly out-dated.

Take a breath and consider the second German question

David Goodhart examines the issue of German minorities in non-German territory

RECENT events in East Germany may have re-awakened the German question; but which German question? If the first one refers to the national status of what is now East Germany...

But those who hoped that the organisation, or at least its considerable political influence, would die out with the original expellees have been disappointed. The rise of the far-right Republican Party, the 50th anniversary of the German invasion of Poland...

alist Republicans has given the organised expellees another potential political home which in turn has given the leaders of the centre-right parties, who have always picked up their votes, cause to blur the question of the eastern borders.

Nato needs to reset sights, say analysts

By David White, Defence Correspondent

THE QUESTION of modernising Nato's short-range nuclear missiles in Europe, which split the allies in the run-up to their summit six months ago, has been overtaken by events in East Germany...

the US and its allies will now have to undertake a fundamental re-think of the need for such a weapon, as well as conventional arms policies aimed at deep strikes into Warsaw Pact territory against follow-on forces.

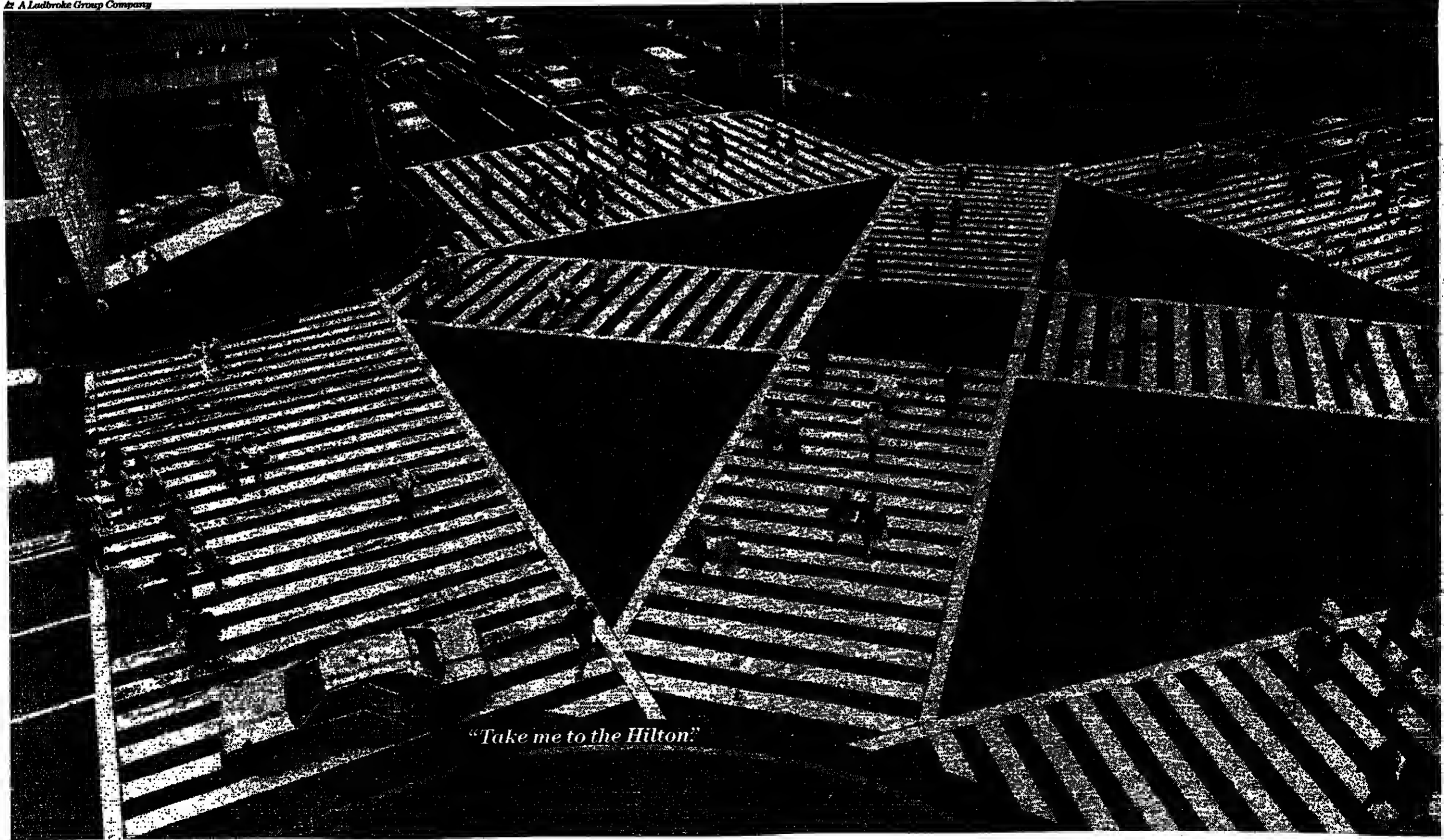
Nato territory. Longer-range missiles are being withdrawn under the Intermediate Nuclear Forces (INF) treaty. Developments in East Germany will require a reassessment by Nato of the threat posed to it, they say.

Western experts agree that more radical thinking will also be required on subsequent stages to the treaty now being negotiated in Vienna to cut conventional forces in Europe. Some argue that an initial treaty should be "locked in" as soon as possible, even if it omits the aircraft and helicopters which are now included along with armour and artillery on the negotiating table.

And what would happen to the Poles, Czechs and Slovaks, who now live in these former German regions? "They would stay, of course. It is one of the basic principles of our founding charter that our claim to our land must not create new expellees," he says.

Indeed when talking about the resolution to the eastern wing of the German question, Mr Koschyk sounds more like a left-wing internationalist than the unreformed nationalist he is usually assumed to be. He borrows Mr Mikhail Gorbachev's phrases about a "common European house" and speculates about a "Europe of peoples" with a more relaxed approach to nationhood.

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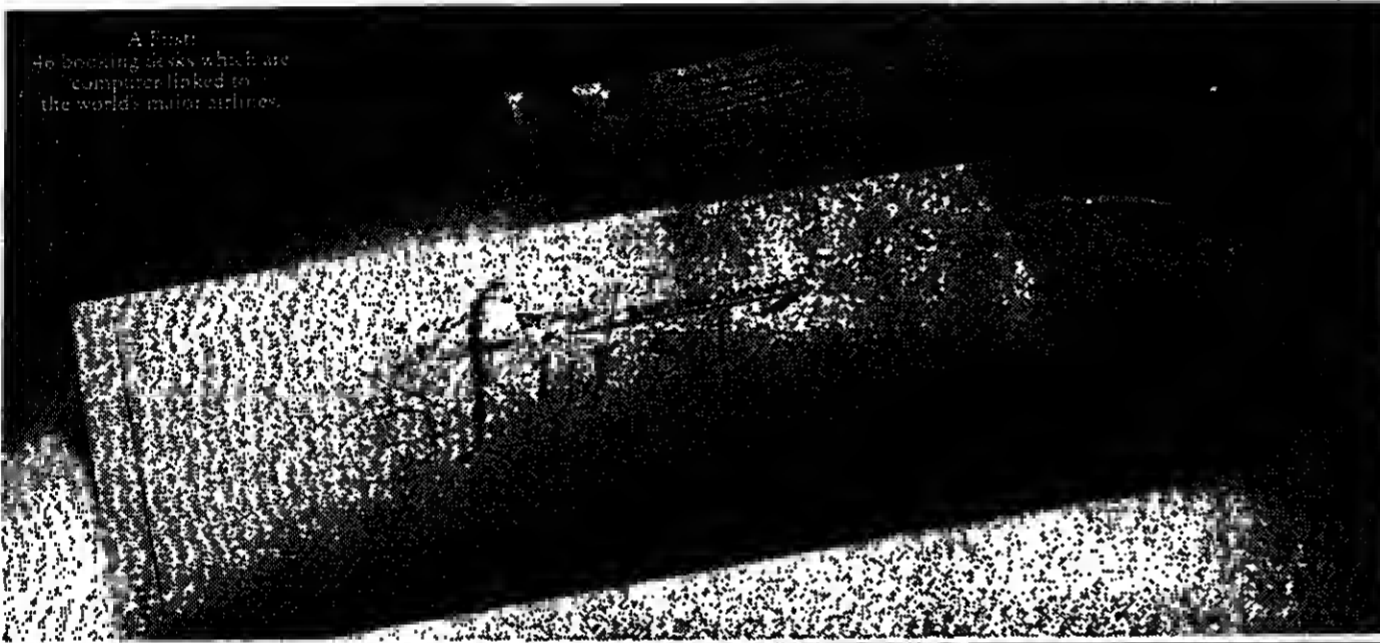
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Meanwhile, on the Ground Floor, First is home to 14 boutiques selling merchandise from the very best names in Britain. Burberry's, Courtenay, Mappin & Webb and the Irish Linen Company as well as exclusive stationery, prints and books from First Press and Print.

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OVERSEAS NEWS

Political fears hit investment growth in HK

By John Elliott in Hong Kong

MORE than a third of overseas manufacturing companies operating in Hong Kong, have said the colony's overall investment environment is not favourable following the recent events in China. About 56 per cent believe the political future poses a problem because of the 1997 hand-over to China. This is in line with a general slump in confidence in Hong Kong since June. There has, however, been some recovery in the last two or three months since July and August when the answers were being given. The findings are revealed in a government report published yesterday which covered about 580 of the colony's 800 plus overseas companies. The survey showed that overseas manufacturing investment rose by 24 per cent last year to HK\$26.17bn (\$2bn). This is double the total in 1984 and accounts for about 40 per cent of both total manufacturing investment and exports. Electronics takes up the largest share with 36.4 per cent, followed by textiles with 10.5 per cent. Japanese companies provided more new investment last year than any other country, with 37 per cent of the total HK\$5.05bn. They have shown most resilience to events in June, although officials say that surge caused by appreciation

in the yen has ended. The US still had the biggest overall investments, with 34 per cent of the total, followed by Japan with 27 per cent, China with 11 per cent and the UK with 8 per cent. Officials report that inquiries about investment have dropped off by about 15 per cent since June, and admit they know of two companies which have abandoned investment plans because of political worries. They believe substantial new investment is coming on stream this year, but admit the growth will be well below last year's 24 per cent. Only 64 per cent of the companies polled said that Hong Kong's overall manufacturing investment environment was favourable, compared with 85 per cent last year. Political stability and the colony's future were rated as more important than positive factors such as the colony's banking and financial facilities, and its infrastructure, which were cited as favourable factors by 56 per cent. High labour costs were said to be unfavourable factors by 53 per cent, and the rising cost of factory space was cited by 48 per cent. This has forced manufacturers to locate operations in southern China. Nearly 20 per cent of the companies they had sub-contracting arrangements in China.

West's Vietnam phobia plays into Pol Pot's hands

Cambodia's murderer prepares to retake power as UK and others prevaricate, writes Robin Pauley

THE United Nations General Assembly begins a debate on Cambodia today, just as the Khmer Rouge guerrillas in the country, aided wittingly and unwittingly by a number of foreign powers, stand poised to make a push on the heart of the country to regain power. The Khmer Rouge were last in power under the leadership of Pol Pot from 1975 to 1978 when they operated a genocidal policy that killed 1m or more of Cambodia's 7m citizens. The slaughter was interrupted by the Soviet-backed invasion from Vietnam. Although all sides refused to allow a UN force to monitor the withdrawal of Western troops, the Khmer Rouge pulled out their combat units in September, as promised. Pol Pot and his gang are still around. They want power and there is no evidence to suggest they have changed their objectives and, if not persuaded, not the lengths to which they may be prepared to go to achieve them. Since the Vietnamese withdrawal they have repeated their old tactics. From their strongholds on both sides of the Thai-Cambodia border, Khmer Rouge forces have been striking out through the malaria-infested jungles which they know and control so well to



Pol Pot: lead attack on Phnom Penh

retake countryside areas vacated by the Vietnamese and which the Cambodian forces of the Phnom Penh Government of Hun Sen cannot hold. The Khmer Rouge, always strong in the countryside, have never managed to take a major town in the past decade. However in the last month they have taken Pailin, near the Thai border, in an attack led by Pol Pot himself backed by around 6,000 men. This does not really count as taking a town as it was completely evacuated years ago. But it is important: it was a military town containing much Vietnamese and Cambodian army equipment. It is in the area from which precious stones, notably rubies, are mined, giving the Khmer Rouge access to yet more potential funds. And it is a strategic point from which advances can be made southwards through the mountains to the key areas around the capital of Phnom Penh. The Khmer forces, which may number as few as 15,000 and almost certainly not more than 45,000, are the strongest and most effective of the three resistance groups under the nominal leadership of Prince Norodom Sihanouk, the former head of state. The Khmer Rouge effectively control the opposition to the Hun Sen government. They

Rouge's only consistent backers since 1978. At the UN General Assembly debate on Cambodia last November, a record number of states - 122 out of a possible 159 - voted for a resolution which contained an important change from previous years, referring for the first time to "the non-return to the universally-condemned policies and practices of the recent past". Yet the reality has been different. In various ways the US, Britain, France, several member-states of the Association of South-East Asian Nations and others have directly or indirectly aided the Khmer Rouge with military and non-military supplies. Much so-called humanitarian aid, ostensibly channelled through the Khmer Rouge's partners in the resistance coalition has inevitably found its way into the hands and control of the Khmer Rouge. Control of food and medical supplies is as important to a guerrilla campaign in the countryside as weapons - and the latter have also continued to arrive plentifully, usually through the Khmer Rouge-controlled camps just inside Thailand. In addition, the world has continued to accept the resistance coalition controlled by the Khmer Rouge as the "legitimate government" of Cambodia and thereby accorded it

the country's seat at the UN. In spite of suggestions that the seat should be left vacant pending elections it was again allocated to the Khmer Rouge by the Credentials Committee and the General Assembly last month, continuing its international legitimacy. One problem is the inability of the US to free itself from its humiliating defeat in the Vietnam war. The Hun Sen government was backed by the Vietnamese occupation force and is, by definition, communist. In spite of growing international recognition that Hun Sen has some impressive qualities and has done reasonably well with meagre economic resources, the US finds itself unable to support him even as a transitional force pending elections, preferring instead to insist on a quadripartite coalition including Hun Sen and the Khmer Rouge under the leadership of Prince Sihanouk. The difficulty is that the Khmer Rouge are not only the strongest of three opposition groups but they hold a remarkable control over Prince Sihanouk who detests them but cannot shake himself free. Prince Sihanouk was imprisoned and subjected to prolonged psychological abuse under Pol Pot, which some observers say accounts for his mercurial behaviour. Britain does not look like showing the way to other European countries in the UN debate today. Indeed Whitehall may even instruct its UN ambassador, Sir Crispin Tickell, not to speak in the debate. This reflects a backtracking by Britain following some significant policy changes announced by Mr Douglas Hurd, Foreign Secretary, last week. He announced an accredited diplomat would visit Phnom Penh from Bangkok for the first time in 14 years, extra funds for humanitarian aid to be channelled through non-governmental organisations to Cambodia, and he gave the first formal indication that Britain accepted that the Vietnamese had indeed withdrawn. This partly reflects the British Foreign Office's sympathy expressed by both the US and some Asian states. The exception is Thailand which has been working hard to reverse a decade of policy which reviled Vietnam and tolerated the Khmer Rouge. New links have been established with Hanoi and the Thais are pushing for an international change of policy towards Cambodia, recognising Hun Sen as a temporary leader and isolating the Khmer Rouge. The Thais are pressing for a ceasefire, to be monitored by the UN.

Gunfire mystery at Toyota golf outing in China

By Peter Ellingsen in Peking

JAPANESE businessmen working for Toyota in Peking dived for cover from what they believed was a hail of machine-gun fire while playing a round of golf on Sunday. The Government is investigating the incident which is thought to be linked to an anonymous letter threatening to kill Japanese still doing business with Peking in the wake of June's massacre. Sources said two bursts of 20 to 30 bullets hit trees at the Peking Golf Club, close to where a large group of Japanese businessmen were waiting to tee off. The Japanese believe the shots were fired at them and are sceptical of claims the gunfire may have been accidental. Some "an adjacent shooting range". The Peking office of Toyota recently received a letter containing a bullet and a message which sources say threatened: "Now the martial law troops are gone, close to the border, go back to Japan. From now on, we will kill you Japanese." Shortly after the Chinese army was ordered to quell student-led unrest, letters signed by the "Blood-Bright Dare To Die Squad" were sent to Japanese firms. These threatened to kill Japanese for their alleged economic invasion. On the eve of a tour of Asia, the Prime Minister, Li Peng, said the incident was being looked at, but denied that it amounted to attempted murder.

Japan's price pressures may be easing

By Ian Rodger in Tokyo

JAPAN'S wholesale prices dropped 0.6 per cent in October compared with the previous month, reversing an upward trend that had prevailed for the previous 11 months. The decline, which comes at a time when speculation about a rise in Japan's 3.75 per cent discount rate has been increasing, may calm fears in the central bank that inflation has taken hold. The overall wholesale price index for October stood at 89.6 against 90.2 in September, a 0.7 per cent fall, or 3.3 per cent higher than a year earlier. The same year-to-year rise as in September, mainly attributable to the introduction of a 3 per cent consumption tax in April. Bank of Japan officials said the month-to-month fall in domestic prices was helped by lower prices of non-ferrous metals, textile products and petroleum products. Meanwhile, the machinery orders statistics for September suggest an easing in the high level of private sector capital spending. The rate of capital spending has been contributing to official concern that the economy may be overheating. In the first half of the 1989-90 fiscal year, industrial machinery orders rose 24.4 per cent to a record. However, orders received by the country's machinery makers during September fell 2.5 per cent from the previous month to a seasonally adjusted ¥1,723.2bn.

Australia to aid tourism

THE Australian Government yesterday announced an A\$30m (£10m) rescue package to help the country's crippled tourism industry recover from the domestic pilots' dispute. Most will go towards promoting and advertising the country at home and abroad, Chris Sherwell reports from Sydney. The package is a response to loud complaints from national and state tourism commissions and the travel trade. The two domestic airlines are already receiving compensation in the form of waived landing charges to prevent staff lay-offs. According to an assessment published yesterday by Westpac Bank, Australia's largest commercial bank, reduced foreign and domestic tourism arising from the dispute will impose a total cost on the economy of A\$1.2bn. In 1988-89, tourism was the country's largest foreign exchange earner, bringing in A\$6.2bn. In a separate development, Mayne Nickless, the company which controls spec, the small air freight group, announced yesterday that its aircraft were again flying, with a reduced complement of pilots.

S Korea unveils plan to boost investment

By Maggie Ford in Seoul

SOUTH KOREA is to cut interest rates and boost investment spending under a government economic package unveiled yesterday. The package, which will offer 5.5% in low cost loans to companies in high technology areas, also contains measures designed to reduce domestic consumption. The central bank yesterday lowered its discount rate, the rate at which it lends to commercial banks, from 8 per cent to 7 per cent, and banks were expected to pass on the reduction. The cost of funds from commercial banks to top borrowers is now about 18 per cent. Deposit rates remain unchanged. The stock market was unimpressed with the package, falling 15 points on the day follow-

ALL GORDON YOUNG NEEDED TO START HIS OWN BUSINESS WAS A LITTLE ADVICE.

YOU SEE, HE MAKES HIS OWN LUCK.

Gordon Young from Dumfries has many familiar trappings of the successful young businessman: the portable phone, the big car, the confident air. And some less familiar ones: the portable forge, the big forearm, the leather apron. Young Gordon, aged 22, is a farrier (they shoe horses, don't they.) His big car is a Nissan Patrol Vehicle, equipped with 39 different shapes and sizes of horseshoe (a veritable Hooves Who), ready to gallop round to his next customer at a moment's notice (thanks to the portable phone.)

While the portable phone is no novelty in Dumfries, Gordon's portable forge (his own invention) is the only one in the south west of Scotland: however awkward the customer, Gordon can trot out the appropriate footwear while they wait. Such is his skill as a farrier, that around a quarter of Gordon's business comes from local vets. They recognise him as their leading authority in orthopaedic care for horses

(damaged or deformed booves are the real test of a farrier's mettle.) Such is Gordon's skill as an entrepreneur, that we couldn't think of a better advertisement for Livewire. This is a scheme set up by Shell in 1982. It's aimed at helping young people launch their own businesses. When Gordon first had the idea of setting up on his own, he came to Livewire for advice. With the help of one of their advisors, Gordon developed a business plan. This in turn helped him get finance: £5,000 from the Prince's Scottish Youth Business Trust, just one of the groups Livewire works with closely. (At Shell we believe that unearthing young entrepreneurs is every bit as good an investment in Britain's future as drilling for oil. Through Livewire, we've helped some 14,000 young people with advice on everything from the nitty gritty of premises and production to finance and marketing.)

Every year we give awards to the most enterprising newcomers. So impressed were this year's judges by Gordon Young's horse sense, that they awarded him the 'most promising start-up business' award, one of the top awards given this year. If you are aged 16 to 25 with a business idea and the will to make it happen (or if you know someone who fits the bill), fill out and send off the coupon below. If the idea is all you think it is, you can be sure we'll help you forge ahead.

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WORLD TRADE NEWS

Gatt partners show concern over US bilateralist stance

By Robert Thomson in Hakone, Japan

The US, EC, Japan and Canada yesterday concluded a series of talks on the General Agreement on Tariffs and Trade (GATT) with expressions of confidence, but serious concerns remained about unmet EEC support for bilateral agreements to win market access.

Mrs Carla Hills, US Trade Representative, said that the four parties to the conference, which preceded an expanded trade ministers meeting today, now had "greater resolve" to reach agreement in the coming year - the last year of the Uruguay Round of GATT negotiations.

Japanese face opposition at 'agricultural summit'

By Robert Thomson

JAPANESE farmers billed it as an "agricultural summit", the event of a kind never held, but an international symposium on agricultural trade in Tokyo yesterday did not quite present the united front that the farmers would like.

Delegates included Mr Joseph Yvernean, president of the Committee of Professional Agricultural Organisations in the European Community, Mr Jean Savary, president of the Swiss Farmers' Union, and Mr Leifur Sveinsson, president of the US National Farmers Union (NFDU), co-sponsor of the conference.

Rise in trade 'points to better shipping outlook'

By Kevin Brown, Transport Correspondent

INCREASING world trade and rising oil consumption indicate that the outlook for shipping is improving, Mr Hans-Jakob Eide, chief executive of the Norwegian shipping company, said in a speech at a conference on the world shipping industry in Amsterdam yesterday.

Chase Manhattan Bank, said the root of the industry's problems over the past decade could be found in the innovative financing packages offered in the 1980s and early 1970s which had eventually led banks and shipowners to order too much speculative tonnage.

Brazil, US to resume steel quota talks soon

By Ivo Dawson in Rio de Janeiro

BRAZIL and the United States are expected to resume talks later this month after they had failed last week to conclude an agreement on steel quotas. This occurred despite four days of negotiations in Brasilia.

The continuing disagreements between the two countries are holding up the conclusion of a new round of Voluntary Restraint Agreements (VRAs) with exporters of steel to the US. Negotiators on both sides believe, however, that they are now not far from concluding a deal.

New Caribbean fears for EC links

By Canute James in Kingston

CARIBBEAN countries, already apprehensive about the future of their exports to the European Community after 1992, are increasingly concerned that they will suffer economically from political changes taking place in eastern Europe.

Finns doubtful on developing Kola Peninsula

By Enrique Tessler in Helsinki

SOVIET economic difficulties and the political effects of perestroika have led Finnish industrial officials to express reservations over the possibilities of developing the Kola Peninsula's economic potential over the next decade and beyond.

Swedes dash Norwegian gas hopes

By Arne Oeian

NORWAY'S hope for a gas contract this year to supply Sweden with up to 2.5 billion cubic metres annually have been dashed by Swedish political wrangling over a plan to dismantle nuclear facilities.

Japanese face opposition at 'agricultural summit'

By Robert Thomson

JAPANESE farmers billed it as an "agricultural summit", the event of a kind never held, but an international symposium on agricultural trade in Tokyo yesterday did not quite present the united front that the farmers would like.

Finns doubtful on developing Kola Peninsula

By Enrique Tessler in Helsinki

SOVIET economic difficulties and the political effects of perestroika have led Finnish industrial officials to express reservations over the possibilities of developing the Kola Peninsula's economic potential over the next decade and beyond.

Swedes dash Norwegian gas hopes

By Arne Oeian

NORWAY'S hope for a gas contract this year to supply Sweden with up to 2.5 billion cubic metres annually have been dashed by Swedish political wrangling over a plan to dismantle nuclear facilities.

THE VOICE OF SOUTH AFRICAN BUSINESS. SA moving into a new era of fast change and reform. John Maree, Chairman of the Electricity Council talks to John Spira, Finance Editor of the Johannesburg Sunday Star.



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UK NEWS

Defused bomb sparks fears of IRA campaign

By David White, Defence Correspondent

PROMINENT FIGURES in Britain who might be chosen as IRA targets have been warned to exercise extreme caution following the discovery yesterday of a powerful bomb under a car in Kensington, west London, which police said was aimed at a top Army officer.

The device, housed in a sandwich box under a Mercedes car, was deactivated by bomb disposal experts after a decorator working on a nearby house opened the package and called the police.

The car was parked near the home of Lt-Gen Sir David Ramsbotham, Commander of the UK Field Army.

The close scrape raised fears of a revival of the terrorist attacks against public figures on the UK mainland that took place in the 1970s and early 1980s, including car bombs that killed Mr Airey Neave, Conservative shadow Northern Ireland Secretary, and severely injured Lt-Gen Sir Stuart Pringle, Commandant General of the Royal Marines.

As usual, police are concerned about a possible pre-Christmas campaign by the Provisional IRA, with the terrorist organisation turning its attention to Great Britain after a series of attacks against British forces in West Germany.

The IRA is thought to be

operating at least two cells in mainland Britain. Three men and a woman are still being sought in connection with a bomb factory found last year in a flat in Clapham, south London.

Police said the device defused yesterday - believed to have the IRA's hallmarks - would have caused "death, serious injury and severe destruction". It would have exploded if the car, which had been parked for some days, had been moved.

Commander George Churchill-Coleman, chief of Scotland Yard's Anti-Terrorist Squad, issued the warning to "individuals who, because of their public positions, are aware that they may be at risk." He told them to check their cars regularly.

He said the bomb had been placed under "the wrong car" and had apparently dropped off the Mercedes belonging to a Thai Airways representative.

The Kensington street, Kelson Place, was evacuated and cordoned off while the bomb was made safe.

Gen Ramsbotham, 55, who is affectionately known as "Rambo", commanded a brigade in Northern Ireland from 1978 to 1980. His elder son is a captain in the Royal Green Jackets.

Engineering unions win reduction in hours

By Michael Smith, Labour Correspondent

SMITHS INDUSTRIES, the aerospace equipment group, yesterday became the second UK engineering company in a week to offer a two-hour cut in the working week to a group of manual workers.

The offer, to move from 1,200 employees at Cheltenham, Gloucestershire, coincided with acceptance by workers at NRI-Parsons, the engineering group, of a 37-hour week agreement. It came as engineering unions prepared to start an indefinite strike at Smith's Cheltenham plant if no agreement was reached on hours by this afternoon.

More than 1,000 manual employees at British Aerospace's plant in Kingston-upon-Thames are expected to start an indefinite strike today as part of the unions' national campaign. They would join more than 6,000 union members already on strike at BAE's Chester and Preston factories and at Rolls-Royce's Hillingdon, Glasgow, sites.

Union leaders said yesterday that growing numbers of employers were approaching them with offers to reduce the working week.

Government to move 1,650 jobs from London

THE GOVERNMENT plans to move up to 1,650 jobs out of London to Leeds over the next three years, write Hazel Duffy and Ian Hamilton Fozzy.

The jobs will be dispersed from the headquarters of the Departments of Social Security and Health (including the National Health Service Executive) and a generous incentive package, equivalent to those offered by big companies in the private sector, are being offered to encourage key staff.

The move involves 40 per cent of the total Department of Social Services staff employed in London and a third

of the total health staff, spread around 10 buildings.

The move, which also involves 150 jobs from Southampton, stresses the separation of policy, managerial and clerical activities in the civil service.

Several reasons for the DSS move were given yesterday by Mr Tony Newton, Social Security Secretary, and Mr Kenneth Clarke, Health Secretary. They included the high cost of accommodation in London and difficulties in recruitment and retention of staff.

Staff will be offered a relocation package described by Whitehall and

the National Union of Civil and Public Servants as good. Lump sums of £3,750 - equivalent to five years' London weighting - are being offered.

Tax-free reimbursements of up to £2,500 for married people with children will also be available and, if they wish, the sale of their houses will be handled by a savings institution.

The relocation wing of Nationwide Anglia building society will arrange for two independent valuations of houses. If it sells the house for more than the valuations, the sum is passed to the householder minus a small handling fee. If it sells for less, the Government department concerned will meet the difference.

Whitehall officials told unions yesterday that there would be no compulsory transfers, although unions representing lower-paid staff expressed concern on this point.

All staff in the jobs planned to move would be given the chance to relocate if they wished. In the case of jobs classified as "mobile" - mostly higher-grade - there could be an instruction for such people to move.

Editorial comment, Page 18

the two departments over Manchester, the closest competitor - is already seeing a mini-boom in the service sector.

Relocation is tricky for public and private sectors alike. Lloyds Bank, for instance, chose Bristol about five years ago for head office dispersals. It was seen as attractive enough to attract managers because house prices are not dissimilar from those in London. People do not like to think they will never be able to sell up and move back to London.

The problem has been that competition for clerical and secretarial staff - one of the reasons for Lloyds deciding to move - has intensified as the local economy has grown.

Civil service makes an innovative move

Hazel Duffy looks at a new development in relocation for government departments

WHITEHALL IS buzzing with stories of civil servants who have been promoted from the provinces to London, only to find their standard of living plummet in the capital.

As the stories increase, so does the reluctance to relocate.

The decision to move 2,000 headquarters staff of the Social Security and Health Departments northwards from London to Leeds is, in part, an attempt to end difficulties of production relocation.

By moving part of both departments the size and diversity of staff in Leeds will ensure that most "will have the opportunity to pursue a full career without having to

move frequently from one location to another," said Health Secretary Kenneth Clarke.

The Department of Social Services (DSS) is setting up two, possibly three, agencies to carry out its executive work.

The head office of the largest agency, which will pay benefits, will be in Leeds, as will those people who are now managers in the London headquarters - about 650 people. Those left in London - about 900 - will be involved in policy work.

The Department of Health plans to move the whole of the National Health Service (NHS) management executive, including Mr Duncan Nichol, the chief executive, to Leeds.

The departmental management of the NHS will follow, leaving about 2,000 in London who Mr Clarke said would be responsible for "health policy and strategy."

The separation opens up the sharper definition of civil service work between policy, management and the largely clerical jobs, which are being progressively refined with the spread of technology. It is implicit that movement between the sectors will lessen.

The Employment Department is in the throes of similar moves. Last August, Mr Norman Fowler, the Employment Secretary, said 1,100 headquarters jobs would be relocated from London and Watford to

Sheffield and Runcorn, leaving just 650 policy staff in London.

These structural changes emphasise the difference between Whitehall movements and the straightforward relocation exercises which are increasingly being considered by many big companies.

However, a note of caution comes from a study on labour resources in the regions published today by the magazine, Business Strategies.

It predicts a drop in the labour force for West Yorkshire unless there is a rise in the number of women entering the labour market.

Leeds - preferred by staff in

Savings bodies face legal change for student loans

By David Thomas, Education Correspondent

The British Government is likely to seek changes to the regulations governing building societies, UK savings institutions, in order to allow them to participate in its proposed student loan scheme.

Ministers hope to be able to announce soon that some of the main clearing banks have agreed to help run the scheme, which is due to be introduced in October 1990.

But building societies will not be able to participate until the regulations governing their purposes under the Building Societies Act are changed by orders laid before parliament.

Some building societies have shown an interest in taking part in the scheme.

Mr Jack Straw, the Labour Party's education spokesman, said last night the opposition would force a debate on the orders. "It would underline that building societies are being used for purposes for which they were never intended," he said.

The Government is reconciled to the possibility that at least one big clearing bank may not participate in the loans scheme because of worries about its impact on students.

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FT LAW REPORTS

Zinc ad hoc arbitration is valid

FURNESS WITHY (AUSTRALIA) PTY LTD v METAL DISTRIBUTORS (UK) LTD
 Court of Appeal (Lord Justice Dillon, Lord Justice Staughton and Lord Justice Mann);
 November 10 1989

A CHARTERPARTY clause providing for English law and London arbitration is invalidated by incorporation of Australian statutory provisions that the charter shall be governed by Australian law, and that any terms inconsistent with such provisions or lessening the jurisdiction of Australian courts shall be null and void. But an arbitration agreement arising under the charter is not invalidated by the charterparty provisions that the charter shall be governed by Australian law, and that any terms inconsistent with such provisions or lessening the jurisdiction of Australian courts shall be null and void.

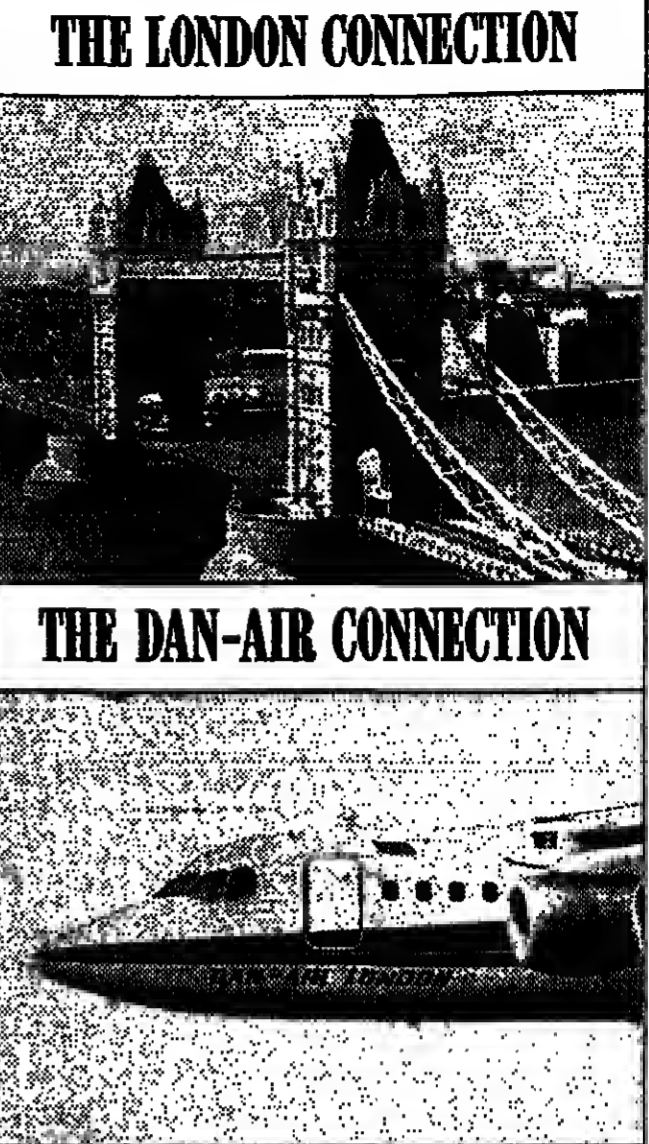
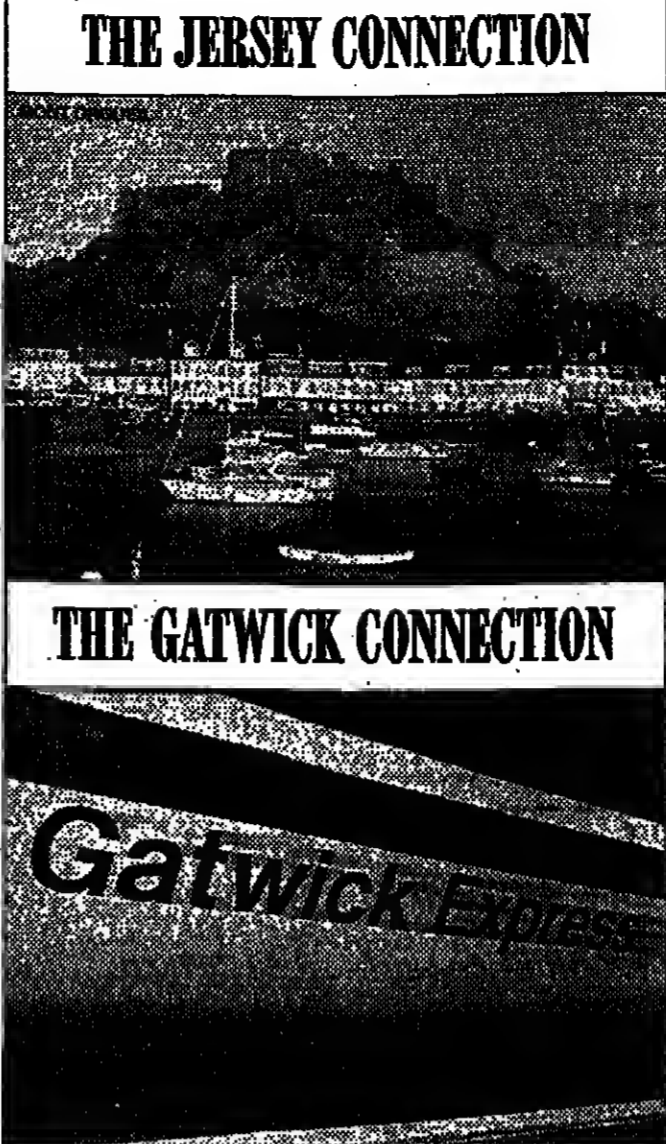
LORD JUSTICE STAUGHTON said that the dispute concerned a shipment of zinc from South Australia to two ports in India. It was said that due to the ship's error too much cargo was discharged at the first port and too little at the second. Furness was disponent owner of the Amazonia, chartered from registered owners Metal and sub-chartered the vessel for the voyage. Clause 33 of the charterparty provided that the charter was subject to the terms and provisions of the Australian Sea-Carriage of Goods Act 1924, so that the Rules relating to bills of lading (Hague Rules) contained in the Schedule to the said Act shall apply. Clause 34 provided for London arbitration, and that the charter was governed by English law. Section 9 of the Australian Act provided that all parties to a document relating to carriage of goods from Australia to outside Australia shall be deemed to have intended to

contract according to the laws in force at the place of shipment, and any agreement to the contrary or purporting to lessen the jurisdiction of Australian courts shall be null and void and of no effect. On December 7 1981 Metal called for arbitration. It was agreed that Mr Donald Davies should be sole arbitrator, without prejudice to Furness's right to contend that part of the claim might be time-barred. On October 1982 Metal wrote to Mr Davies, with a copy to Furness, inviting him to accept appointment as sole arbitrator. He did so.

By the present proceedings, issued on October 22 1989, Furness sought a declaration that no valid arbitration existed between it and Metal. As the Hague Rules one-year time limit applied Metal would have no remedy. Issue A was whether clause 33 of the charterparty incorporated the whole of the Australian Act, including section 9. Mr Kealey for Metal relied on "so that" in clause 33 as indicating that the sole consequence of incorporating the Act was application of the Hague Rules. There were three reasons why the argument failed. First, other sections were incorporated (see section 6). Second, clause 33 provided that any clause inconsistent with the rules and provisions of the said Act was to be void to the extent of the inconsistency. That made it clear the whole Act was incorporated. Third, in Ocean Steamship Co Ltd v APAC one clause of a bill of lading provided that the Australian Act should be incorporated and that any inconsistency should be null and void, whereas another clause provided that the bill should be

governed by English law. It was held that the contract was not governed by English law. There was no material distinction between Ocean Steamship and the present dispute. The court was bound to reach the same conclusion. Accordingly, as Mr Justice Goff held, clause 33 overrode clause 34. The agreement to arbitrate in London and the choice of English law were both void. The charterparty was governed by the laws in force at place of shipment, namely Australia. Issue B was whether there was an ad hoc arbitration agreement. The general law of contract was applied, though supported by consideration, was not binding if made without any intention of creating legal relations. With regard to arbitration proceedings, in Westminster Commercial Trust Ltd v Lloyds Bank plc, Mr Justice Goff said that "if a man does not protest but... submits to the jurisdiction of the arbitrator, he is then bound by the award." In Lloyds Bank plc v Lloyds Bank plc, the defendant had taken part in an arbitration and lost. Mr Justice Donaldson said there was no ad hoc agreement. He said the parties conducted themselves on the basis of mutual mistake that there was already an agreement. The two decisions could not be reconciled.

Mr Justice Devlin's doctrine, emphatically endorsed in subsequent arbitration cases, was good sense and ought to be good law. The rule ought to be that if a person wished to preserve his rights by taking part in an arbitration under protest, he must make his objection clear at the start, or very early on. On the evidence in the present case the parties did intend to make a contract for arbitration before Mr Davies. Furness had said it had no wish "to be thought to be challenging" his jurisdiction. An ad hoc agreement was established. As the agreement was made in England and was for London arbitration, the inferred intention was that it should be governed by English law. Alternatively that was the system of law with which the contract had its closest connection. The ad hoc agreement was therefore governed by English law. Australian law had no effect on it. The question was whether it was rendered ineffective by fundamental mistake of fact. The parties' mistake lay in believing that the Australian Act contained no impediment to arbitration in England, whereas it did, in section 9. A contract was not vitiated by mistake of law. But for procedure and proof purposes foreign law was a question of fact. In an English forum only English law could be the subject matter of mistake of law. Any other was mistake of fact (Andrieu [1975] 2 Lloyd's Rep 427). It followed that the ad hoc arbitration was vitiated by mistake of fact. Issue C was whether estoppel by convention validated the arbitration proceedings. There was no dispute that the first requirement of an estoppel by convention was satisfied. The evidence showed that there was a valid arbitration agreement. There had been argument as to whether it would be unconscionable for Furness to depart from that shared common assumption. It was not significant who first made the mistake or had the better opportunity to ascertain the true position. It was a shared mistake easily made. It would be monstrous if Furness was allowed to retreat from the position it had taken for over four years. The convention was that there was a valid arbitration agreement. Where a foreign element was involved, one had to look for the proper law of the estoppel. If the parties' communications had taken place in Australia between Australian lawyers, one might have concluded that the proper law was Australian, just as a contract made in that way might be governed by Australian law. There was no doubt the estoppel was governed by English law. It was not defeated by illegality in Australian law. The appeal was dismissed. Lord Justice Dillon and Lord Justice Mann concurred. For Metal: Goffs Kealey (Mediation Point). For Furness: Jonathan Gilman (Holmes Fenwick & Wilson). Rachel Davies, Barrister.



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MANAGEMENT

Komatsu

Hoping for a smooth global ride

Nick Garnett assesses the Japanese earth-moving machinery group's diversification strategy

Tetsuya Katada, president of Komatsu since an abrupt management change at the top of the company five months ago, is talking about shifts taking place in the bowels of the big Japanese construction equipment maker.

These shifts have included a significant move into global production through the acquisition in the past year of substantial production facilities in the US and West Germany - adding to its existing plants overseas. It also involves a commitment to extract a half of its turnover from non-construction machinery items before the end of the 1990s.

Hurt by the rise of the yen - which in the space of two years forced it to jack up prices in North America by 40 per cent and by the competitive return of the once-stumbling but now fleet-footed Caterpillar, Komatsu slid through six years of declining profits which only came to an end in the last financial year.

This was more than a little ironic. Five years ago, the Japanese company, which had relentlessly hunted down its US rival through the 1970s, announced that henceforth it would take more notice of its need to make profits and a little less of overall sales.

Net income in 1984 of ¥22.6bn (\$158m), down from ¥33.3bn in 1981, had slipped to ¥14.7bn in 1986 before plummeting to ¥9.5bn and to ¥3.1bn in the next two years. Katada describes that experience as "bitter." That bitterness was

probably deepened by Caterpillar's turnaround into financial recovery at about the same time. During this period, Shoji Nogawa, president of Komatsu for five years, was dismissed by the board in June 1987 and replaced by Masao Tanaka.

So it is a different Komatsu that is emerging into the 1990s. For one thing, its financial performance has begun to recover handsomely on the back of Japan's expanding domestic construction market.

Komatsu's total net sales jumped in the year to March to ¥793bn (\$5.6bn) from ¥740bn and its net income sprang back to ¥20.8bn. For this year it is predicting a leap in pre-tax

wants at least a half of that to come from non-construction machinery products like electronic parts, robots and production machinery.

Katada says a principal reason for diversification is that overall demand for equipment has plateaued and there are few opportunities to go for greater market share. Becoming more of a global producer will have a big impact on the company, Katada says. The company opened a production plant in Tennessee three years ago and at Birtley in the UK at the same time. Last year it put its North American operations into a 50-50 joint venture with

Scandinavian speed boats, though this activity is tiny. Katada says that Komatsu wants to operate as a "group wide" business. Though he is keen to have local managers running Komatsu's overseas businesses, he wants the company to accumulate know-how in technology, marketing and products from its units around the world, transferring whatever is best within the group.

Unfortunately for Komatsu's competitors all this talk of globalisation does not mean the Japanese company has gone soft on its own manufacturing. Just the opposite. "We have been struggling in the past on ¥15bn to ¥20bn a year for capital investment," says Katada. "It will be about ¥50bn from now on."

Included in this is a ¥50bn programme spread over three years to double the number of production lines embracing flexible systems. Komatsu has already transformed 38 production lines to this system which can save up to 60 per cent in labour costs.

This is likely to entrench Komatsu's position as probably the world's most efficient volume producer of construction machinery. Caterpillar has been trying to catch up through its \$1bn factory improvement programme.

Katada steers away from questions on why his replacement of Tanaka (who, at 64, remains as a company advisor and keeps his directorship) appeared so sudden. "It is not that management policy will change 180 degrees," says the former law student. "But I have been expressing my own thoughts since becoming president and that is positively to control the management of the company more than it has been done before."

In terms of diversification, Komatsu has picked three main product areas: electronics, robots and plastics. Already these sectors help to make up a diverse band of small businesses which contribute to the 20 per cent of sales the company achieves outside mainstream construction equipment.

It already makes plastic injection moulding machinery and produced one of the world's first robots in the 1960s; Komatsu's technical managers say, ruefully, that had it pursued this product it could have become the world's biggest supplier of industrial robots. Komatsu certainly wants to become a much bigger producer of robots. These will be for use particularly on construction sites for such activities as installing steel bars and building blocks, coating of buildings and painting.



We have been struggling by on ¥15bn to ¥20bn of capital investment a year; it will be about ¥50bn from now on.

- Tetsuya Katada

profits to ¥35bn and sales of ¥770bn. Its hard-pressed factories in Japan are churning out 3,500 units a month compared with 3,000 a month last year.

It might also give Komatsu a little satisfaction that this has come at a time when Caterpillar's rush back into big profits appears to be slowing. Cat said last month that its profits this year would be down on last year's \$616m though the US company blames much of this on its factory modernisation and new model programme.

But what is more striking are the changes in character and policy at Komatsu - probably the most significant since it was lifted off from a mining company back in 1921.

Katada, the 58-year-old former vice-president who has the manner of a family doctor, says Komatsu wants to increase its sales to at least ¥1.4 trillion (million million) by the end of the 1990s. And he



Management abstracts

A third generation successor's reflections. R W Correll in Family Business Review (US), Spring 89 (13 pages)

Here is an author who tells the story of his own life: the choices he - the grandson of the founder of a family business - had to make between his "dream" (to be a teacher) and the family's expectation that he would perpetuate the line. The strong desire to be "his own man" is reflected in the many phases of his career; he did enter the family business, reshaped it to conform to his own ideas, eventually sold the business while continuing to work for it, until he finally decided to leave the business and realise his dream.

The board's mandate: mediating corporate lifespan. A Demb & F.F. Neuhouser in European Management Journal (UK), Sep 89 (10 pages)

Argues that a board of directors' mandate goes beyond the traditional roles of watchdog, trustee and pilot to embrace the concept of corporate lifespan - a recognition of the nature of public expectations for corporate performance in both economic and social spheres and the need to respond to them - to which must be added the fundamental question of the board's accountability to whom (to which there is no "right" answer). Discusses the dimensions of lifespan, which can vary for different organisations and, for multinationals, are extremely complex and governed by changing sets of values and standards; examines ways in which boards can shape the lifespan of their corporations, and makes recommendations for them to exercise their leadership potential.

Downsizing: survivors' assessments. L.A. Isabella in Business Horizons (US), May/June 89 (7 pages)

Restates that compulsory redundancies affect not just those who are made redundant, but also those who remain; when it's all over they will be anxious about their own performance, prospects, and job security. They will need reassurance and even help with "packing their own parachutes".

Much is made of the suggestion these days that as the Japanese get so much richer, they are less willing to grind out the hours for their companies. A committee is being formed by younger employees in Komatsu to see if working hours can be eased. "Next year we will have a system so that every member of the company can have a long vacation," says Katada. "Of at least one week, or maybe two."

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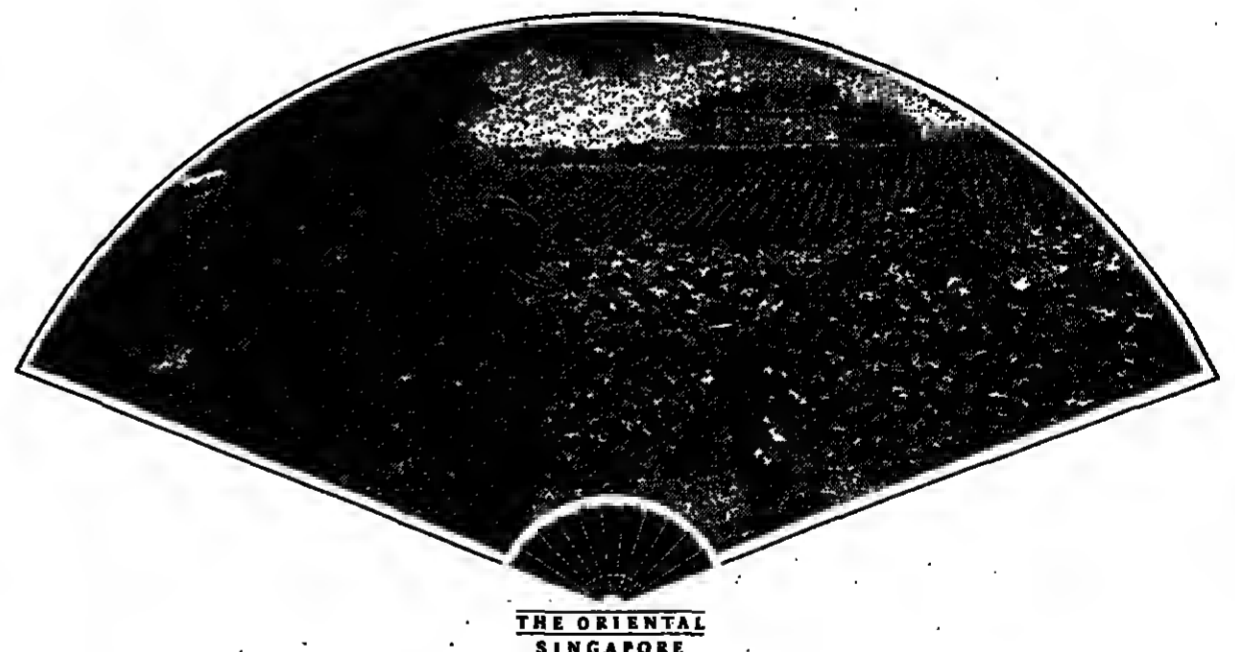


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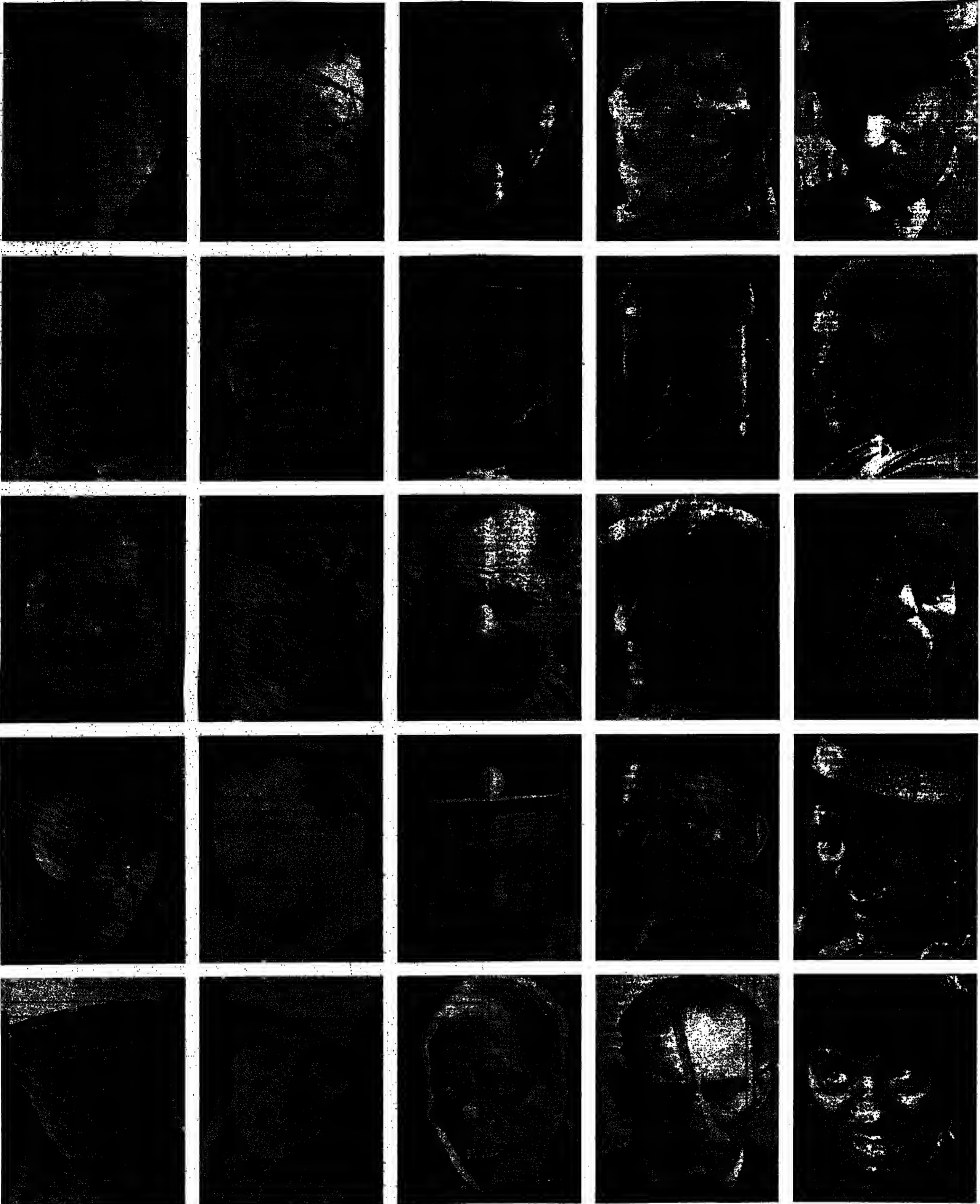


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 No? But it's the joke of the decade! Well, it was in the 20s. But then, in the 20s there was probably more chance of Lon Chaney being a spider than a spider being a spider.
 Born on April Fool's Day, 1883 to deaf and dumb parents, Chaney became one of the biggest movie-stars of the silent era through extraordinary portrayals of all manner of unfortunate, often grotesque individuals: clowns, vampires, phantoms, hunchbacks, drunken husbands, evil

grandmothers... everything from a crooked ventriloquist masquerading as a parrot-selling old lady (*The Unholy Three*) to an armless knife-throwing circus star (*The Unknown*).
 It seemed there was no shape or size of character this silent genius couldn't create; no contortion he wasn't capable of; no face he couldn't bring to life.
 A bit like Epson's latest printers really. Take the GQ-5000 laser printer, for example. Like old Lon, it can do things with characters and faces that you didn't think could be done with characters and faces. Unlike old Lon, it doesn't have

to spend hours on end in front of a mirror, plastered in make-up with funny teeth stuffed up its cake-hole. It does the business almost instantly.
 The GQ-5000, you see, has 'scaleable fonts'. Sounds painful doesn't it? It's not. It's wonderful. It means you can select any typeface from 80 built-in fonts; choose any size between 3pt and 240pt; print landscape or portrait in bold, medium or italics; underline, extend, flip or condense letters - by simply pressing a button or two.
 If, however, a cast of thousands is not what you're looking for, simply a quietly brilliant performance,

then the Epson SQ-850 ink-jet is what you're after. The SQ-850 is so quiet you'll hardly notice it's there, let alone that it's whizzing along faster than any comparable ink-jet (600 cps in draft mode and 198 cps in LQ).
 It also produces high-resolution graphics (at 360 dpi) and does all its own paper-handling stunts, *daunting*.
 Lon Chaney had to sweat his way through almost 150 films to earn the title *The Man of a Thousand Faces*. All you have to do is write or ring your way through to us here at Epson. So step on it. But don't step on that spider... it might be an Epson.

EPSON

For further information write to: Epson (UK) Limited, Freepost TK384, Bursford, Middlesex TW8 5BR. (Alternatively call up Freephone *2006 or dial 0800 285622 free of charge.)

Ivo Dawnay on the threats and challenges facing Brazil

The elections are the easy bit

Twenty-nine years ago today Ivo Dawnay elected as their President a young politician standing on a platform of wholesale social reform and outright war on official corruption.



Two presidential contenders: Luis Inacio da Silva 'Lula' and Fernando Collor

Memories are short and only half the citizens eligible to vote in today's first round polls were alive before the general election. But this parallel raises the question of what has changed in the intervening decades.

Financial Times recently. "He is a man who can do business with." All this is depressing for those in Brazil seeking genuine change in the status quo.

Financial Times recently. "He is a man who can do business with." All this is depressing for those in Brazil seeking genuine change in the status quo.

European monetary union

Competition in policies, not currencies

By David Currie

Last Thursday, the Treasury released its proposals for an evolutionary approach to European monetary union, drawn up under Mr Lawson's Chancellorship but approved by Mr Major.

The Delors Report has been roundly criticised for arguing the need for the co-ordination of fiscal policy within a European monetary union.

approach does not preclude the possibility of moving to a more centralised approach when confidence is established.

At yet, there are precious few signs. Throughout the six months long presidential campaign, there has been barely any acknowledgement of the trend towards greater international interdependence.

The Exchange Rate Mechanism has already evolved towards a harder discipline, with no realignment for nearly three years, and the removal of remaining capital controls will make this more necessary.

The Treasury's evolutionary approach, therefore, makes a great deal of sense and deserves serious consideration, particularly by those member countries - such as Germany and the Netherlands - which are hesitant about monetary union.

LETTERS

Forecast: debatable

From Professor Wynne Godley. Sir, I entirely agree with Mr Geoffrey Dicks of the London Business School (Letters, November 13) that there is no simple relationship between the growth of output and the balance of payments.

Electric power set back

From Mr P.K. Heathfield. Sir, It is a great irony that the market has bucked Mrs Thatcher's jockey, Mr John Wakeham, out of the privatisation saddle.

'Pension fund socialism'

From Mr Philip Chappell. Sir, The UK Government has now accepted (Eric Short's article, November 9) the recommendation of the Occupational Pensions Board, restricting self-administered schemes.

no comment

From Mr Werner Barnack. Sir, Being a regular reader of your newspaper, I should like to draw your attention to the fact that in Terminal Four, at London's international airport of Heathrow, no businessman or businesswoman can buy a foreign newspaper.

This "permanent sterilisation of energy resources," according to the Tory-dominated Humber Ports select committee of the House of Commons, should not be allowed.

Every recipient could be thus privately credited, debit, provided with statements and so on, by computer. The funds could lie as an interest-paying account (to encourage saving), and a cheque facility could be available to anyone who wanted.

Advertisement for Central Manchester Development Corporation. Includes a map of Manchester, a logo with a bee, and contact information for Pamela Bishop, Marketing Manager. Text: 'IS YOUR CURRENT LOCATION TOO MUCH OF A HANDICAP?' 'Why Not Take a Shot at Central Manchester?' 'Manchester provides the ideal opportunity for businesses to grow and prosper.'

Lovell for construction

SAA make the difference.

INSIDE

Honda profits decline in the second quarter

Consolidated net income of Honda Motor, the Japanese car and motorcycle manufacturer, dropped 22.4 per cent in the second quarter to September 30...

Thames rises 27% at midway

An increased share of national advertising revenues helped lift pre-tax profits of Thames Television by 27.2 per cent in the six months to the end of September...

Platinum demand set to fall

Japanese investors deserted the platinum market this year so demand for the precious metal will fall by about 6 per cent from the record level it reached in 1988...

Greek share prices get the post-election jitters

Share prices on the Athens stock exchange have been sent reeling by Greece's second inconclusive election in just five months...

Greene

Share prices on the Athens stock exchange have been sent reeling by Greece's second inconclusive election in just five months...

Market Statistics

Table with 2 columns: Item, Value. Includes London share index, FT-100 index, etc.

Companies in this section

Table with 2 columns: Company Name, Price. Lists various companies like Adelphi Steamship, etc.

Chief price changes yesterday

Table with 2 columns: Company Name, Change. Lists price changes for various companies like Anglo-Siam, etc.

Top Danish banks to merge

DENMARK'S two largest commercial banks, Danske Bank and Copenhagen Handelsbank, are to merge to form the second largest Nordic bank...

Actuary's valuation boosts Pearl bid defence

PEARL GROUP, the UK life insurance company, yesterday strengthened its last line of defence against the \$1.1bn takeover bid from Australian Mutual Provident...



Heading out the bad news: Stuart Burgess, chief executive, and Sir Edwin Nixon, chairman

Amersham result falls by 43%

THE HEALTH of Amersham International, the first company to be privatised by the British Conservative Government in 1982, was causing concern yesterday...

Continental reduces its profits forecast

CONTINENTAL, the West German tyre company, yesterday withdrew its earlier forecast of higher profits for 1989...

Adsteam bids A\$1.74bn for IEL

ADELAIDE STEAMSHIP, the Australian conglomerate, yesterday launched a A\$1.74bn (US\$1.3bn) cash bid for Industrial Equity Ltd (IEL)...

Foreign brokers begin to reap rewards in Japan

THE EFFORTS of foreign securities firms to break into the Japanese market appear finally to be bearing fruit...

Foreign Securities Companies in Japan

Table with 4 columns: Company Name, Operational revenue, Commissions, Pre-tax profit. Lists companies like Merrill Lynch, etc.

DAVID COAKLEY LIMITED. Futures broking - Fast, accurate service at a great price. Includes contact information and a coupon.

INTERNATIONAL COMPANIES AND FINANCE

Cray Electronics cuts profits after review

By Nikki Taitin London

A REVIEW of accounting policies at Cray Electronics, the UK electronic equipment manufacturer, has resulted in a savage reduction in profits for the year to the end of April...

Group. Under a subscription agreement, subject to shareholder approval, they would put up an initial £2.86m for a 5 per cent stake in the company and take executive control.

executive has been replaced by a fixed-term service contract, dated August 17. His annual salary under this is £225,000 and it expires at the end of July 1991.

NMB and Postbank delay full integration

By Laura Raun in Amsterdam

NMB Postbank, the newly merged Dutch bank which is in the process of partial privatisation, said yesterday that its two sections would remain separate operating units.

DAF details package in Enasa bid

By Kevin Done, Motor Industry Correspondent

DAF, the Dutch commercial vehicle producer, has offered a far-reaching industrial package to the Spanish Government in its bid to take over Enasa, the Spanish state-owned truck maker.

including responsibility for engineering, manufacturing and marketing. To invest more than \$30m (\$47.4m) to build a gearbox plant on a greenfield site in Galicia, in north-western Spain...

trucks in the 16-30 tonne range (gross vehicle weight). Layland in the UK is expected to become the centre for DAF's light/medium truck production under 16 tonnes.

a strong base in the UK and in the Netherlands, but it is anxious to restore a much stronger presence in southern Europe, and in particular in Spain, one of the fastest growing European commercial vehicle markets.

Hoechst growth rate slackens

By Andrew Fisher in Frankfurt

PRE-TAX profits of Hoechst, the West German chemical group, rose by 6 per cent in the first nine months of 1989 to DM3.1bn (\$1.7bn), but grew at a rate of less than 1 per cent in the third quarter after a slight dip in the second three months.

centicals were affected by changes in German health care legislation. Yesterday, the company said that of its 13 per cent increase in turnover to DM34bn in the January-September period, only 5 per cent represented actual volume increases.

tributed to the higher profits, notably Roussel Uclaf in France, Hoechst Japan, and Hoechst do Brasil. Hoechst Celanese stayed at last year's high level.

Atlas Copco reports 28% rise

By John Burton in Stockholm

ATLAS COPCO, the Swedish mining, construction and industrial equipment manufacturer, yesterday reported a 28 per cent rise in profits after financial items, for the first nine months of 1989, and announced a joint venture in Japan for the production of compressors.

then expected, but not for mining and construction equipment. Sales increased by 16 per cent to SKr10.7bn, while orders also climbed by 16 per cent to SKr11.7bn.

the European Community and other important markets over the next six months. Release of the nine-month report coincided with the signing in Tokyo of a joint venture agreement, between Atlas Copco and Iwata Air Compressor, for the production of oil-injected and oil-free rotary compressors for the Japanese market.

W German steel group sales up 9% MANNESMANN, the West German steel and engineering group, said group profit in the first nine months of 1989 improved from last year while sales rose 9 per cent to DM15.6bn (\$8.38bn), Reuter reports.

Wagons-Lits surges halfway

By Tim Dickson in Brussels

COMPAGNIE Internationale des Wagons-Lits et du Tourisme, the Franco-Belgian hotel and sleeping car group which numbers the French Sodexho Group and Groupe Bruxelles Lambert among its leading shareholders, announced yesterday that net profits jumped from BF617m (\$15.8m) to BF1899m in the six months to the end of June.

months, boosted by the first full half-year contribution in the car hire sector from the merger of Europcar-Interrent. Progress in this new sector is satisfactory although not fully in line with profit forecasts.

Japan offer for US print maker KOMORI Printing Machinery, the Japanese maker of offset printing machinery, has detailed a possible cash buy-out offer for AM International of Chicago, the US printing equipment manufacturer, of \$6.25 a share.

Japan offer for US print maker

By George Graham in Paris.

MR Henry Racamier, the 77-year-old chairman of luxury goods group which owns 88 per cent of Vuitton. But Mr Racamier won another round in his legal battle for control of LVMH with Mr Bernard Arnault, the 40-year-old financier who took

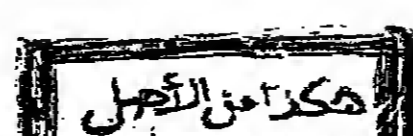
Racamier loses LVMH posts

over as the group's chairman in January; the Paris appeals court upheld a ruling delaying the shareholders' meeting of Vuitton until next March 15.

skirmishes in the battle over the fate of a contested issue of bonds with attached warrants, which were almost all acquired by Mr Arnault and which account for a quarter of his potential 44 per cent stake in LVMH.

The industrial plant division suffered lower earnings. Profits rose in all other divisions. Incoming orders rose 37 per cent to DM15bn in the nine months.

Advertisement for The Transportation Group (TTG) featuring a grid of financing options for various airlines and aircraft models. The main headline reads: 'In just 8 months since take-off, we've logged \$3 billion worldwide.' The grid lists financing amounts, aircraft models, and company names like Sabena, Malaysia, and TEA.



Bailey Controls Company

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M. A. Keyes, IV
President and Chief Executive Officer

November 1, 1989

Dare to imagine... a controls and instrumentation company with *infinite* resources, poised to deliver total seamless integration of your control, communications, and real-time management information needs — worldwide. You've just imagined Bailey Controls.

We've been the talk of the marketplace recently, with good reason: We've closed our biggest sale ever... the sale of Bailey Controls Company to Finmeccanica, a member of Italy's IRI Group and the country's largest industrial organization. So what? We're the same Bailey, are we not?

Indeed, we're the same Bailey whose leading-edge NETWORK 90® and INFI 90® distributed digital systems probably run your plant now. Our "smart" field devices still set the industry standards for process measurement and indication. But we've become a very *different* company in terms of helping you make these investments pay off!

For starters, our research and development investment has been *doubled*, effective now. Our "eyes and ears" for marketing, manufacturing, distribution and service have just grown to over 400,000 professionals, worldwide. Our applications engineering staff just increased from a few hundred problem solvers to a few *thousand* — on every continent, in every industry — including yours. Our total turnover has just grown by a couple of zeroes, to *48 billion* dollars — a modest one year's revenues.

Presumptive, you might suggest, for us to claim all these corporate resources as "ours." Not so. Our new patent agrees, in the print that Bailey is the *only* controls company they'll list in this year's Annual Report. And the only company that maintains their own total instrumentation needs — including their own, such as themselves leaders in integrated circuits, manufacturing automation, defense electronics, transport automation, power systems, aerospace, and service industry automation.

Mr. Romano Farni, Chairman of Finmeccanica, says it nicely: "Through its commitment to excellence, Bailey Controls Company is the most professional organization in Italy and the third largest in Europe. It stands as the most advanced controls company in the world."

OK, what about the price? Well, it's as simple as that. The price of the most reliable and most technologically advanced we've ever built. If it's not, you've unpacked the wrong crate. Your next Bailey sales or service contact *will* be conducted by the most knowledgeable, most professional personnel that ever walked in your door. If you don't agree, throw 'em out — and call me. Your next Bailey purchase *will* be made with the expectation of unprecedented productivity, product quality, and overall return on investment for your company. If you're looking for less, buy somewhere else!

Tough talk? You bet. We've built a tough reputation for nearly 75 years as the industry's *Number One* innovator in controls and instrumentation. Excuse my grammar, please, but You Ain't Seen Nothing Yet!

Sincerely,



M. A. Keyes, IV
President and Chief Executive Officer

Aircraft Braking Systems

Engineered Fabrics

Loral Corporation

K & F Industries, Inc.

Manufacturers Hanover Trust Company

Bernard L. Schwartz



An American Express company

April, 1989

INTERNATIONAL COMPANIES AND FINANCE

Buy-out costs plunge RJR Nabisco into \$447m loss

By James Buchan in New York

RJR NABISCO, the tobacco and food company...

domestic tobacco sales and operating profits...

Outlook for Mack Trucks is 'bleak'

By Karen Zagor in New York

MACK TRUCKS, the big US maker of heavy trucks...

In the quarter to September 30, Mack...

Restructure at JC Penney lifts earnings

By Karen Zagor

J.C. PENNEY, the fourth biggest US retailer...

Shearson Lehman Hutton in management shake-up

By Janet Bush in New York

SHEARSON Lehman Hutton, the US securities house...

UAL considers schemes to add value to company

By Roderick Oram in New York

UAL's board said yesterday that it will investigate ways to increase the company's value...

proposals from third parties, it added. Constellation, which has a 27 per cent stake in UAL...

Nesbitt Thomson Deacon Limited. Bank of Montreal Capital Markets Limited. BMO NESBITT THOMSON LIMITED

Microsoft and IBM strengthen software link

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines and Microsoft of the US are jointly to develop a range of software...

Swedish shipping group takes control of trading lines

By Andrew Taylor

TRANSATLANTIC, the Swedish shipping group, announced yesterday that it planned to take full control of two shipping lines...

C. ITOH & CO., LTD. Notice to holders of Bear Depository Receipts (BDRs) issued by Hambros Bank Limited...

Bikuben Sparekassen Bikuben U.S. \$45,000,000 Floating Rate Subordinated Notes due 1996

Wells Fargo & Company U.S. \$200,000,000 Floating Rate Subordinated Capital Notes due 1998

TRANSAMERICA CORPORATION U.S.\$30,000,000 Floating Rate Notes Due 1990

Exterior International Limited U.S. \$200,000,000 Guaranteed Floating Rate Notes due 2001

Bankers Trust International Capital N.V. U.S.\$200,000,000 Guaranteed Floating Rate Subordinated Notes Due 1995

FIRST CHICAGO CORPORATION U.S.\$200,000,000 Floating Rate Subordinated Capital Notes Due 1997

Shawmut Corporation U.S.\$50,000,000 Floating Rate Subordinated Notes Due 1997

Den Danske Bank U.S. \$100,000,000 Floating Rate Notes

Notice to Noteholders Prospect International High Income Portfolio N.V.

CARPS Limited U.S. \$100,000,000 Secured Floating Rate Notes due 1992

MOTOR CARS Are you looking for a used high profile motor car?

National & Provincial Building Society U.S. \$100,000,000 Floating Rate Notes 1999

Korea Exchange Bank U.S. \$100,000,000 Floating Rate Notes due 2000

INTERNATIONAL COMPANIES AND FINANCE

Japan's wristwatch profits rise despite flat world market

By Ian Rodger
JAPAN'S TWO top watchmakers, Citizen Watch and Hattori Seiko, both reported profit increases in the six months to September 30, despite a flat world market for timepieces.

Sharp first-half fall for Japanese confectioner

By Our Financial Staff
MORIKAGA, one of Japan's leading confectioners, yesterday reported a 38.7 per cent unconsolidated decline in pre-tax profits in the first half of September 30, to Y1.03bn (\$75m), from Y1.68bn in the same period of last year.

Dainippon Ink up 18%

By Ian Rodger
DAINIPPON Ink and Chemicals, the diversified specialty chemicals group, reported pre-tax profit in the six months to September 30, by 17.9 per cent to Y3.7bn (\$27m).

Foreign exchange losses put Honda Motor in reverse

By Ian Rodger in Tokyo
CONSOLIDATED NET income of Honda Motor dropped 22.4 per cent in the second quarter to September 30, mainly because of a large loss arising from cover on foreign exchange transactions.

Omron Tateisi Electronics sales rise 15%

By Ian Rodger
PRE-TAX profits of Omron Tateisi Electronics, Japan's top maker of control components, rose 14.5 per cent in the six months to September 30 to a record Y12.5bn (\$86.2m) on sales up 12.3 per cent to Y165.5bn.

Elders executives attack severe credit downgrading

By Chris Sherwell in Sydney
SENIOR EXECUTIVES from the Elders brewing, finance and resources group have angrily attacked the severe five-notch downgrading of its credit rating.

ML-GT New Pacific Equities Growth Fund II NV. Placing by Merrill Lynch, Pierce, Fenner & Smith Incorporated. The principal business of ML-GT New Pacific Equities Growth Fund II NV. is to invest in a portfolio of equity securities issued in or traded on the securities exchanges of newly industrialized or emerging countries in Asia and Oceania.

U.S. \$500,000,000. RENFE Red Nacional de los Ferrocarriles Espanoles. Floating Rate Notes due 1998. Unconditionally guaranteed by The Kingdom of Spain.

Advertisement for British Steel featuring an image of a tin can and the text: 'FIRST YOU SEE IT. THEN YOU DON'T. We're doing more for the environment than meets the eye. It's hard to see what an empty can can do for the environment. And millions of them are thrown away every day. But cans of lightweight British Steel tinplate do a great deal more than others: by not being around for long. They're much easier to recycle than cans of other metals; and glass or plastic bottles, for that matter.' Includes a large 'S' logo at the bottom.

INTERNATIONAL CAPITAL MARKETS

Treasuries rise on back of Why Tokyo needs UK and US money boxes weak economic figures

By Janet Bush in New York and Rachel Johnson in London

US TREASURY bonds moved modestly higher yesterday morning in response to a set of weak economic data and a tentative sign that the US Federal Reserve is targeting Fed funds

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Real Date, Price, Change, Yield, Week, Month. Rows include UK Gilts, US Treasury, Germany, France, Canada, Netherlands, Australia.

at slightly below 8% per cent. However, price gains were modest because distortions to yesterday's industrial production and capacity utilisation figures depressed them sharply, and because of caution over some distortion in the sale of 30-year bonds, the last of the quarterly refunding.

Fed had been expected to drain reserves from the system due to softness in the Fed funds market. The futures led the upward move - the December bond, which closed at 90.47 on Monday, closed at 90.69 yesterday.

Longer-dated gilts closed up six ticks from Monday, and at the shorter end, closed unchanged on the upward move. One is that estimates of local market penetration in the UK and US which are based on percentages of loans or assets in these two markets are probably overstated.

The other interest of the morning session was provided by the Fed's open market operations. The Fed refrained from operating in the money market when Fed funds were trading at 8% per cent. The

There was speculation yesterday, as the Federal Open Market Committee met, that the Fed may have wanted to show its tolerance of a slightly softer Fed funds rate in response to yesterday's weak economic figures and ahead of the 30-year auction.

The Bundesbank set a two-tranche repurchase tender offering 26-day funds at 7.3 per cent and 63-day funds at variable rates. Today, funds worth DM2.5bn drain from the market as two previous pacts expire.

US firms invest in Wertheim Schroder

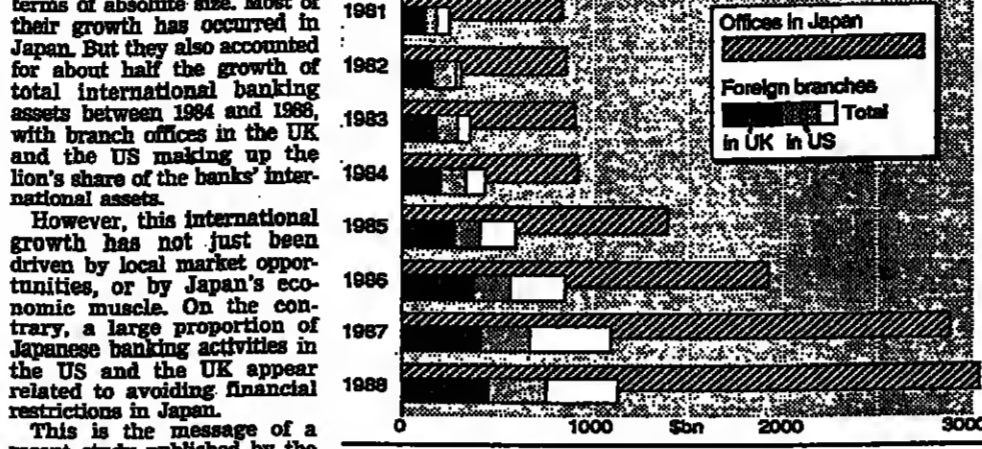
By David Laocelles, Banking Editor

BANK OF BOSTON and Massachusetts Mutual Life are to become investors in Wertheim Schroder, the Wall Street investment bank jointly owned by Schroders, the London merchant bank, and Wertheim Schroder managing directors.

Trust and Banking, the large Japanese trust bank which was identified last week as a new investor in the company. And a fourth institution from continental Europe, as yet unidentified, will join later.

The four institutions will each subscribe to about 5 per cent of newly issued non-voting equity stock at a price of \$15m apiece. But their main financial contribution will come in the form of subscriptions to a large investment banking fund of several hundred million dollars which will be available to finance deals.

Location of Assets of Japanese Banks



This is the message of a recent study published by the Board of Governors of the US Federal Reserve System, and the City of London wants to remain a top international banking centre, it should stop mooting about restrictions on banking freedom in Japan.

At the end of last year, London branches held over \$50bn net in claims on related offices. In the US, Japanese banks are also very large borrowers in local banking markets. But whereas the London offices serve as a funding source for related offices in other countries, offices in the US tend to be net takers of funds from offices in other countries.

Other financial intermediaries in Japan have been less constrained by regulations, and have been able to offer more competitive rates to depositors. The result has been that the banks' share of total financial assets has declined sharply since the beginning of the decade, with the insurance companies and trust banks grabbing a much bigger slice of the cake.

Bank of England wins approval for merging long-dated stocks

By Simon Holberton, Economics Staff

THE BANK of England's attempt to introduce greater liquidity into the gilt-edged market received a boost yesterday when it received overwhelming acceptance for its offer to merge two long-dated stocks.

The Bank offered to convert the 9% per cent Conversion 2006 stock into the already larger 9 per cent Treasury Loan 2006. It received 98 per cent acceptance of its offer.

Mr John Sheppard, economist at Warburg Securities, said: "It must be judged to have been an outstanding success. More will follow."

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS, & SUB-SECTIONS, Tuesday November 14 1989, Index, Day's Change, etc. Rows include Capital Goods, Building Materials, etc.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various markets: British Funds, Continental, Financial and Properties, etc.

LONDON MARKET STATISTICS

Table with columns: Stock, Closing Price, etc. Rows include various stocks like British Airways, etc.

FIXED INTEREST STOCKS

Table with columns: Stock, Amount, Last Price, etc. Rows include various fixed interest stocks.

RIGHTS OFFERS

Table with columns: Stock, Amount, Last Price, etc. Rows include various rights offers.

TRADITIONAL OPTIONS

Table with columns: Stock, Amount, Last Price, etc. Rows include various traditional options.

Location of Assets of Japanese Banks

The growth of the international Eurocurrency market. A demand for funds by their domestic offices to alleviate local funding constraints. A demand for funding to dress up the parent banks' balance sheets.

In the US, the analysis suggests that Japanese banking activity has also been strongly related to financial variables back home, as well as to conditions in the US market. Commercial and industrial loans at these US offices responded to expansion in Japanese trade and restraints on domestic Japanese interest rates, while interbank trading at US offices of Japanese banks responded to both price and quantity restraints on domestic Japanese banking activity.

LONDON TRADED OPTIONS

IT WAS another dismal day yesterday for the London Traded Options Market, where trading was poor and volume thin. Although there was a slight pick-up in turnover from Monday, volume was still low at 22,579 contracts, with the majority concentrated in call options which included 16,200 compared with 6,379 put options.

FIXED INTEREST STOCKS

Table with columns: Stock, Amount, Last Price, etc. Rows include various fixed interest stocks.

RIGHTS OFFERS

Table with columns: Stock, Amount, Last Price, etc. Rows include various rights offers.

TRADITIONAL OPTIONS

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Table with columns: Stock, Amount, Last Price, etc. Rows include various rights offers.

TRADITIONAL OPTIONS

Table with columns: Stock, Amount, Last Price, etc. Rows include various traditional options.

Table with columns: PRICE INDICES, The change, etc. Rows include British Government, 1-5 years, etc.

Monday index 2206.9; 10 am 2216.5; 11 am 2223.4; Noon 2222.4; 1 pm 2222.1; 2 pm 2220.4; 3.30 pm 2219.1; 4.30 pm 2211.1

FT-SE 100 SHARE INDICES: 2214.7, +1.5, 2223.5, 2206.4, 2213.2, 2214.7, 2201.7, 2203.4, 2212.1, 2202.3

UK COMPANY NEWS

Higher interest charges leave Meyer lower

MEYER International yesterday provided conclusive evidence of the impact that higher interest rates have had on building material and timber merchants... By Ray Bashford

21 per cent holding in Travis Perkins. The stake was purchased during the attempted takeover of Travis & Arnold which failed last October...

Figures which can give the wrong impression

Nikki Tait considers the accounting problems at Cray Electronics which have cut profits

ACCOUNTANCY, it is said, is an art not a science. After reading yesterday's announcement from Cray Electronics, the company's 3,000 shareholders could be forgiven for thinking that it is a highly-developed form of impressionism...

ment which should at least give its shareholders some hope for the future. Sir Peter Michael, Mr Jeffrey Harrison and Mr Jon Richards are well-known from their days as chairman, finance director and operations director respectively of UEL...

Such spending was not taken against profits in the year in which it was incurred, but written off instead over a three-year period. This, as Price Waterhouse points out, is permissible under current accounting standards...



Sir Peter Michael: has some aspirin on the table

merger accounting, which should be restricted to acquisitions in which the commercial substance of the transaction justifies this approach. Yesterday's restatements, however, made no allowance for any mistaken application, on grounds of practicality...

their promised final dividend of 3.25p. Two questions arise. Might any legal action flow and why were directors, who were in charge when these figures were released, are now receiving fairly generous pay-offs?

Nat Telecoms warns of £1m loss midway

National Telecommunications, which two months ago said it was prepared to be bought by another company, yesterday warned it had lost more than £1m in the first half of the year.

Arrangement schemes for NEI preference not approved

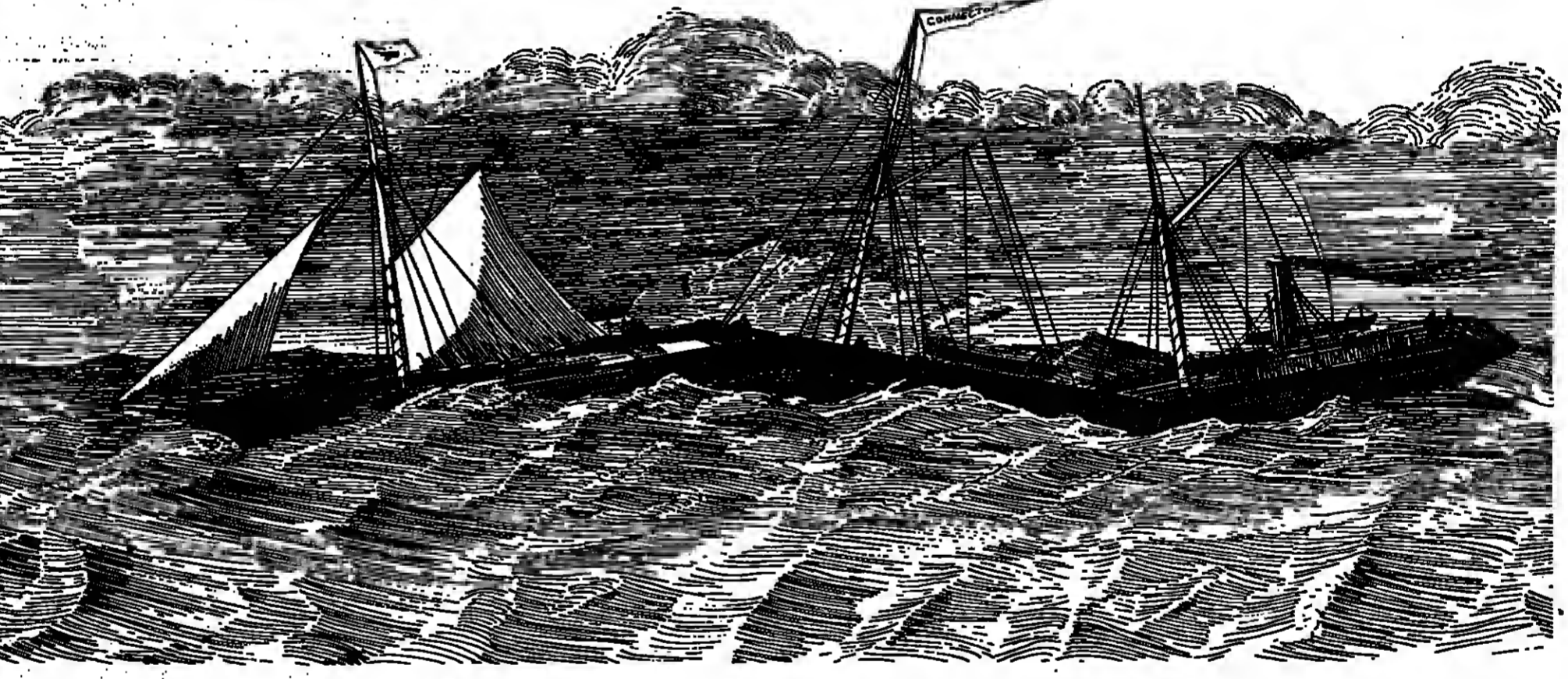
Northern Engineering Industries was taken over by Rolls-Royce in May but its preference shares have a life of their own.

Talbex aerosol factories sold to CCL for £10m

CCL INDUSTRIES, the largest contract filler of aerosols in North America, is moving into Europe with the purchase of the aerosol operations of Talbex Group.

talbex aerosols with household, industrial and agro-chemical products. CCL held unsuccessful talks with Talbex before the receivers were appointed. The price it paid did not differ considerably from that offered previously...

The 'Connector' was built around 1850 by the Jointed Ship Company of London. She was built with three hinged sections, the object being to help the ship ride easier in a rough sea. Her maiden voyage was down the Thames to Erith Reach.



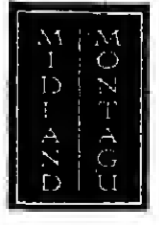
AT SAMUEL MONTAGU, OUR INNOVATIVE IDEAS WILL GET YOU THROUGH THE UPS AND DOWNS.

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audacious £480m takeover of Coalite by the much smaller Anglo United. As for resources, you won't find us lacking. We've underwritten and financed transactions of all sizes and have been involved in a long list of company flotations in both the private and public sectors.

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Union Bank of Finland Ltd. US\$ 100,000,000 Floating Rate Subordinated Notes due 2034. The interest payable on the relevant interest payment date, May 15, 1990, against coupon n°11 will be US\$ 438.65 per Note.

UK COMPANY NEWS

Tomkinsons down 22% as heavy discounting bites

TOMKINSONS, the Worcester-based carpet manufacturer and yarn spinner, yesterday again highlighted the problems affecting the UK carpet industry.

For the year to end September, the group revealed a 22 per cent contraction to £2.72m in pre-tax profits - much in line with forecasts made by analysts at the time of the interim statement in May.

Yesterday, Mr. Lowry Maclean, chairman, reiterated his remarks made at the mid-way stage.

The group was heavily exposed to the effects of rising interest rates and the subsequent squeeze on consumer

spendable expenditure and the decline in the number of people moving house, he said.

Turnover dipped to £27.95m (£28.35m). Mr Maclean said that in the face of heavy discounting and mounting competitive pressures it would have been financially unwise to have attempted to hold on to all of the 46 per cent increase in turnover gained in the past two years.

Operating margins at the group's year-end stood at 23.5 per cent. Mr Maclean said the "considerable success" in maintaining margins was attributable to investment in capital equipment and new range launches.

Although predominantly a residential supplier, Tomkinsons is also involved in contract and up-market decorator carpets through its Steeles subsidiary. This side of the business had held up well, the chairman stated. The export market had been buoyant with a number of orders from Europe and the Far East.

Mr Maclean maintained a cautious stance on current trading: "We foresee further difficult times ahead" he said.

Earnings per share fell 26 per cent to 40.5p (54.7p), but the recommended final dividend is lifted to 9p, making a total of 11.5p (10.5p) for the year.

Acquisitions behind 60% rise to £4m at ABS

AMERICAN Business Systems, the rapidly expanding business equipment supplier, reported interim pre-tax profits of 60 per cent ahead at £3.98m on turnover almost doubled at £40.24m.

The USM-quoted company, which operates in the US, said that Bank's, its main subsidiary made three acquisitions during the period and after certain management changes they should provide good opportunities for growth.

Danka continued to enjoy excellent trading conditions and was benefiting from its growing customer base.

The results for the six months to September 30 compared with taxable profits of £2.65m on turnover of £21m. Earnings per share for the period under review were 9.7p (9p) and the interim dividend has been raised to 0.5p (0.7p).

Five Oaks rapid advance to £5.8m

FIVE OAKS Investments, the property development and investment group, yesterday reported taxable profits ahead 81 per cent to £5.81m for the 12 months to June 30.

The advance, from last year's £3.04m, was achieved on turnover up from £9.51m to £17.52m.

Mr Trevor Robinson, chairman, said net asset value had increased by 41 per cent to 84.5p per share. Five Oaks shares were unchanged yesterday at 76p.

The group's investment portfolio, valued at £45m at end-June, currently produces recurrent annual income of £2.7m, Mr Robinson said. This income was expected to double in the near term, he added.

Earnings per share worked through at 9.78p (8.12p). The proposed final dividend is 1p, making 1.8p for the year. Last year the group paid a special interim of 1.25p.

Telecomputing changes direction as chief leaves

By Clare Pearson

MR BERNARD PANTON has resigned as chairman of Telecomputing, the mainframe software house responsible for the Top One artificial intelligence system, and sold a 29.8 per cent stake in the company to Ferrari Holdings, the computer services group, for £2.51m.

Mr Martin Hodson, who takes over Mr Panton's executive responsibilities, said the emphasis at Telecomputing in future would be on "the market place, and not on changing the direction of world computing".

Mr Tony Evans, until last year chief executive of Systems Reliability, the network management system concern, steps in as Telecomputing's non-executive chairman.

Ferrari said it believed that under the new management Telecomputing had excellent profit and growth potential, which it intended to support. Mr Hodson said he did not believe Ferrari intended making a bid in the foreseeable future.

Ferrari joined the USM through a reverse takeover of Cifer in January and acquired UCL, a loss-making computer systems supplier also quoted on that market, in August. Ferrari, which made £688,000 in the half-year to end-June, said yesterday the costs of rationalising UCL were likely to be substantial.

Following a £4.5m rights issue last month, Singer & Friedlander, the merchant bank, holds 37 per cent of the shares.

Telecomputing swung out of loss to pre-tax profits of £245,000 in the six months to March 31. There was only a handful of sales when Top One was marketed as an off-the-shelf product. Recently, the system has been used by the company's consultancy arm as part of tailor-made systems.

British Empire Sec nav higher

At its financial year-end, September 30, net asset value of British Empire Securities Trust had risen to 61.88p, from 49.89p a year earlier.

But by the end of October it had slipped to 59.43p.

Earnings for the year were up to 1.06p (0.82p) and the final dividend is 0.46p for a total of 9.71p (8.66p). There is also a bonus of one warrant for every 10 ordinary shares, to subscribe for one ordinary share at 60p.

Dividend income and interest totalled £2.77m (£3.59m).

Revenue advances at Whitbread Inv

Net asset value of Whitbread Investment Company, the investment trust specialising in brewing companies, increased from 476.8p to 661.2p per share in the six months to September 30.

The trust, in which Whitbread has a 49 per cent stake, increased net revenue to £4.368m (£4.02m) for the six months. Earnings per share rose to 6.95p (6.37p). An interim dividend of 3.35p (3.05p) was declared.

Just Rubber rises 24% to £531,000

Just Rubber lifted its pre-tax profit by 24 per cent in the half year ended July 31 1989.

Turnover rose to £23.37m (£2.05m) while profit came through at £531,000 (£428,000). With earnings at 4.81p (3.57p) the interim dividend is raised to 0.94p (0.8p).

In the core business of producing rubber covered rollers margins were maintained on higher sales. The directors believed the European market particularly presented a real opportunity for the group.

ADT to redeem convertible pref

ADT, the electronic security systems and car auctions group, is flushing out the last holders of its 8% per cent convertible preference shares.

If gave notice yesterday of redemption on December 15, which would cost it up to \$20m.

With ADT ordinary shares standing at 191p, however, all shareholders are expected to convert into ordinary shares at 186p. This will lead to the issue of 11m ordinary shares.

Dawson Intl director resigns

By James Buxton

MR MARTIN WATTS, a senior executive and director of Dawson International, the Scottish-based textiles company, has resigned just over a year after being appointed.

Mr Watts joined Dawson last October as managing director of its customers, knitwear and fine yarns division, which encompasses some of its best known brands such as Ballantyne, Pringle and Barrie.

He was previously group managing director of Harris Queensway, the furniture and carpet group, and before that marketing director of British Shoe Corporation. He was co-founder and chief executive of Olympus Sports International.

Mr Watts' arrival at Dawson was accorded considerable importance by the company. It said it welcomed his skills in brand development and retail-

ing. He was granted 200,000 share options, more than any other director.

Mr Ronald Miller, chairman, said that Mr Watts was parting by mutual agreement, but did not elaborate. It is understood that Mr Watts is leaving because he did not find it easy to fit into the corporate structure at Dawson.

Mr Watts was not available for comment.

Goode Durrant acquisitions

By Ray Buxton

GOODE DURRANT, the industrial and financial management company, is paying an initial £6.53m cash and shares for Ravenstock, a company which sells and rents shipping containers that have been converted into temporary office accommodation and secure storage.

In addition to the initial con-

sideration of £4.25m cash and 2m shares, the vendors are entitled to £1m cash or a maximum of 770,000 shares if profit targets for two years to September 1991 are achieved.

Ravenstock will be merged with Tam Industrial Services while operations in the same business and was acquired in October last year.

Goode Durrant has also expanded its commercial vehicle rental business through the acquisition of three companies based in Newcastle, Hull and Nottingham.

The initial purchase price for the companies was £1.45m with additional deferred payments of £1.29m, pegged to pre-tax profits for the current year.

Only 11.3% take up Riva rights

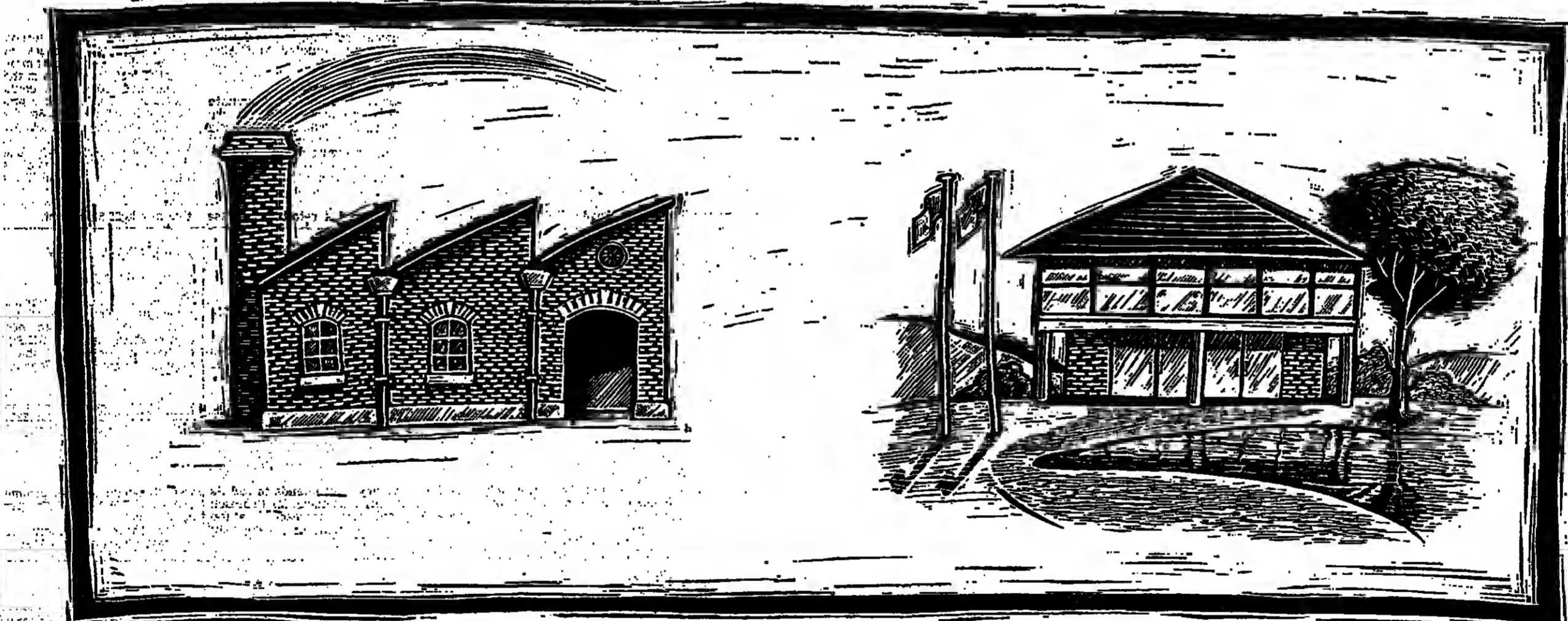
By Clay Harris

ONLY 11.3 per cent of Riva Group's £14.2m rights issue was taken up by shareholders of the USM-traded supplier of electronic post-office equipment. The rest of the one-for-two issue of 106p was left with

sub-underwriters, which were suspended at 106p when the issue was launched, were trading at 99p yesterday.

The issue was raised as part of a restructuring which coin-

cided with Riva's £3m agreed takeover of Hugin Sweda, another Epos manufacturer. It owns or has acceptances for 83.1 per cent of Hugin Sweda and will begin the compulsory purchase of the rest.



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LONDON STOCK EXCHANGE

Market waits for the Chancellor

THE UK stock market had another uncomfortable trading session yesterday with sluggish turnover again feeding concerns over the financial health of the London securities industry...

Attention is fully focused on today's UK Autumn Economic Statement from Mr John Major, the Chancellor of the Exchequer...

prices in order to attract buyers at present. However, the FT-SE turned higher as shares in Scottish & Newcastle, the UK brewer, advanced after Elders XL of Australia said it was close to selling its 24 per cent stake in the UK brewer...

While such stories have become almost a permanent feature of the UK securities scene, there is general agreement in the market that a number of leading foreign and domestic firms will be obliged to make some hard decisions about their UK trading operations...

segment shake-up which includes the appointment of Sir Peter Michael, former head of UEL, as chairman. National Telecom slumped 21 to 65p in the wake of the warning that the group was expected to incur a pre-tax loss in excess of £1m at the half-year stage...

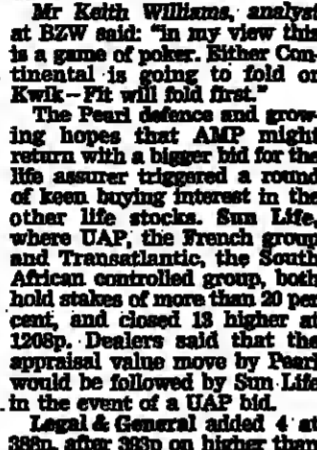
Gold shares stay firm

South African gold producer stocks had another active session in London, with traders convinced that Eskom, setting the opportunity presented by firm gold prices, has placed at least a significant part of the near £200m portfolio of mining shares taken aboard with the acquisition of Consolidated Gold Fields...

Defence for Pearl

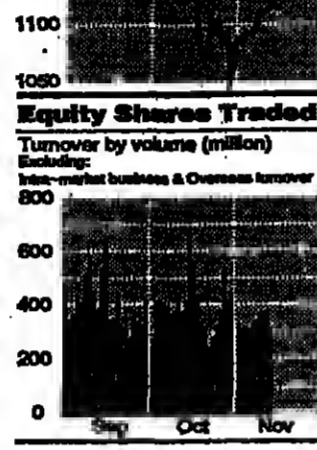
The expected second defence document from Pearl Group to the 600p share bid from Australian Mutual Provident (AMP) duly arrived to the accompaniment of frantic activity in Pearl's share price...

FT-A All-Share Index



close the day at 120p on the news. But speculation remained that Continental may have made the declaration to enable it to beat back bid speculation and thus enable it to pick up stock at cheaper prices to increase its stake or even bid for Kwik-Fit at a later date...

Equity Shares Traded



more than halved at 6.2p, down from last year's figure of 13p. Despite the figures however, American raised to close at 387p, a fall of 4 on the day, as the market took the view that the company may be ripe for a takeover...

Trading Volume in Major Stocks

Table with columns for Stock Name, Volume, and Price Change. Lists major stocks like British Airways, British Telecom, and various industrial shares.

FINANCIAL TIMES STOCK INDICES

Table showing various stock indices: Government Bonds, Fixed Interest, Ordinary Shares, Gilt Edged Activity, and FT-SE 100 Share. Includes columns for current values, previous values, and percentage changes.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various major stocks. Columns include Stock Name, Volume, and Price Change. Includes companies like British Airways, British Telecom, and various industrial firms.

Scottish stories

Scottish investors are expected to be active in the market for the remainder of the year, according to a report from the Scottish Investment Association...

Kwik-Fit beating

Kwik-Fit shares took a beating as Continental AG, the West German tyre manufacturer, which has a 13.13 per cent stake in the company said it was not interested in mounting a takeover bid...

NEW HIGHS AND LOWS FOR 1989

Table listing new highs and lows for various stocks in 1989. Columns include Stock Name, High, and Low.

APPOINTMENTS

TELECOMPUTING succeeding Mr Bernard Fenton who has retired. Mr Martin Hodson has been appointed managing director. Mr Michael Williams, Fenton's deputy chairman, and Mr Michael Whitaker, of SIBOR Whitaker, have been appointed non-executive directors...

Mr David Verner

Mr David Verner (above) has been appointed managing director of YRATES, Brighton. He was previously managing director of the paper and Mr Michael MacLennan becomes managing director of Harroworth Quays Printing...

New post at BSI

Dr R.G.S. Teffer has been appointed to the new post of executive chairman of the standardisation board of BSI to help implement new programmes for change being developed in the run-up to 1992. He is a director of both the Volvo Group, and Bepan, and a former chairman of ICI petrochemicals division...

SWISS BANK CORPORATION

London, has appointed Mr Neil Seligson to a new investment banking position covering Turkey, Israel, Hungary and other eastern European countries. He was in the equities group...

ASSOCIATED NEWSPAPERS

has appointed Mr Alan Smith as director of services, and deputy chairman of Harroworth Quays. Mr Gordon Mellis as managing director, Harroworth Quays. Mr Anthony Hilton, City editor, Evening Standard, becomes managing director of the paper and Mr Michael MacLennan becomes managing director of Harroworth Quays Printing...

Mr Patrick Chouh

Mr Patrick Chouh, former chairman and chief executive of Powergreen, has joined the board of MILMEAD QUARRY PRODUCTS, Doncaster. Mr Martin Hoare, has been appointed business development director of fund management group ANGLO-SWISS. He was a Touche Reunant director...

Mr Les Wise

has been promoted to general manager at NATIONWIDE ANGLIA BUILDING SOCIETY. He was assistant general manager. TRANS WORLD COMMUNICATIONS has appointed Mr Richard Davies as sales and marketing director, a new post. He was product marketing and systems manager, Bank Xerox...

The ADR Powerhouse

Security Pacific's approach to American Depository Receipts. How it works: Operating as part of The Sequor Group, the American Depository Receipts professionals at Security Pacific take a powerhouse approach to this international field of financial specialization...

Security Pacific's approach to American Depository Receipts

Advertisement for Security Pacific's ADR services. Includes text about how it works, why it works, and contact information for the Sequor Group. Features the Security Pacific logo and 'THE SEQUOR GROUP' text.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Table listing various unit trusts such as Wellington Fund Mgmt Ltd, City of Edinburgh Life Assurance, and others, with columns for name, price, and other details.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts including Wellington Fund Mgmt Ltd, City of Edinburgh Life Assurance, and others, with columns for name, price, and other details.

INSURANCES

Table listing insurance companies and their products, including AA Friendly Society, Allianz Life Assurance Co Ltd, and others, with columns for name, price, and other details.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information, organized into columns for various trust categories and regions. Includes sub-sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'GUERNEY (SB REDEEMED)'. Each entry lists the trust name, its code, and current price.

OFFSHORE AND OVERSEAS

GUERNEY (SB REDEEMED)

MANAGEMENT SERVICES

GUERNEY (SB REDEEMED)

LUXEMBOURG (SB REDEEMED)

JERSEY (SB REDEEMED)

FT UNIT TRUST INFORMATION SERVICE

Main table for FT Unit Trust Information Service, listing various unit trusts with columns for Name, Type, and other details.

LONDON SHARE SERVICE

Table for London Share Service, including sections for British Funds, Loans, Foreign Bonds & Rails, and Americans.

Table for International Bank and D'seas, listing various international financial instruments and their details.

Table for Money Market Trust Funds, listing various money market funds and their performance metrics.

Table for Money Market Bank Accounts, listing various bank accounts and their interest rates.

Footnote and disclaimer text at the bottom of the page, including 'Money Market Bank Accounts' and 'Money Market Trust Funds'.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

AMERICANS - Contd

Table listing American stocks including General Electric, IBM, and Ford, with columns for stock name, price, and other financial metrics.

CANADIANS

Table listing Canadian stocks including Canadian National, Royal Bank, and Bank of Montreal.

BANKS, HP & LEASING

Table listing bank and leasing stocks including Barclays, HSBC, and various leasing companies.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks including Carlsberg, Heineken, and various distillers.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks including various construction and infrastructure companies.

BUILDING, TIMBER, ROADS - Contd

Continuation of Building, Timber, and Roads stocks.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks including ICI, Shell Chemicals, and others.

DRAPERY AND STORES

Table listing drapery and store stocks including various retail and clothing companies.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks.

DRAPERY AND STORES - Contd

Continuation of Drapery and Stores stocks.

ELECTRICALS

Table listing electrical stocks including various utility and electrical equipment companies.

DRAPERY AND STORES

Table listing drapery and store stocks.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks.

ENGINEERING - Contd

Continuation of Engineering stocks.

ELECTRICALS

Table listing electrical stocks.

DRAPERY AND STORES

Table listing drapery and store stocks.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks.

BUILDING, TIMBER, ROADS

Table listing building, timber, and road stocks.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Miscellaneous) stocks.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Miscellaneous) stocks.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Miscellaneous) stocks.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Miscellaneous) stocks.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Miscellaneous) stocks.

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INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Miscellaneous) stocks.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Miscellaneous) stocks.

INDUSTRIALS (Misc.) - Contd

Continuation of Industrial (Miscellaneous) stocks.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE

Table of share prices for Leisure companies including Leisure Group, Leisure Leisure, and Leisure Leisure.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades companies including British Aerospace, British Aerospace, and British Aerospace.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers companies including News International, News International, and News International.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising companies including Newsprint, Newsprint, and Newsprint.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising companies.

PROPERTY

Table of share prices for Property companies including British Land, British Land, and British Land.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies.

SOUTH AFRICANS

Table of share prices for South African companies.

TEXTILES

Table of share prices for Textiles companies.

TEXTILES - Contd

Table of share prices for Textiles companies.

TOBACCO

Table of share prices for Tobacco companies.

TRANSPORT

Table of share prices for Transport companies.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land companies.

FINANCE, LAND, etc

Table of share prices for Finance, Land, etc companies.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land companies.

FINANCE, LAND, etc

Table of share prices for Finance, Land, etc companies.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies.

PLANTATIONS

Table of share prices for Plantations companies.

MINES

Table of share prices for Mines companies.

O.F.S.

Table of share prices for O.F.S. companies.

Central African

Table of share prices for Central African companies.

Finance

Table of share prices for Finance companies.

Australians

Table of share prices for Australian companies.

MINES - Contd

Table of share prices for Mines companies.

MISCELLANEOUS

Table of share prices for Miscellaneous companies.

THIRD MARKET

Table of share prices for Third Market companies.

NOTES

Stock Exchange designations are indicated to the right of security names: A, Alpha; B, Beta; C, Gamma.

REGIONAL & IRISH STOCKS

Table of share prices for Regional and Irish Stocks.

IRISH

Table of share prices for Irish companies.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options.

PROPERTY

Table of share prices for Property companies.

WORLD STOCK MARKETS

Table of stock market data for various countries including Austria, France, Germany, Italy, and Switzerland. Columns include stock names, prices, and changes.

Table of stock market data for Japan, listing various companies and their stock prices.

Table of stock market data for Canada, listing various companies and their stock prices.

Table of stock market data for New York, including Dow Jones, Standard and Poor's, and NYSE Active Stocks.

Table of stock market data for Tokyo, listing various companies and their stock prices.

Advertisement for Financial Times featuring a stylized 'FT' logo and the text 'See the world in a new light.' It includes a promotional message and contact information for the U.S. and Canada.

2pm prices November 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

NYSE					NASDAQ					AMEX				
High	Low	Open	Close	Change	High	Low	Open	Close	Change	High	Low	Open	Close	Change
37 1/8	37 1/8	37 1/8	37 1/8	0	37 1/8	37 1/8	37 1/8	37 1/8	0	37 1/8	37 1/8	37 1/8	37 1/8	0

**Reliable Computers
Renowned Monitors**

Computers & 1
Telecommunications

SAMSUNG
Electronics

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes a 'Continued from previous page' note.

NASDAQ NATIONAL MARKET

2pm prices November 14

Table of NASDAQ National Market prices listing various stocks with columns for stock name, price, and change.

Below tables are simplified. They list and show the price of the stock on the previous day, the current price, and the change. They do not show the bid and ask prices, the volume of trading, or the market depth. They are intended as a general guide only. For more information, consult your broker.

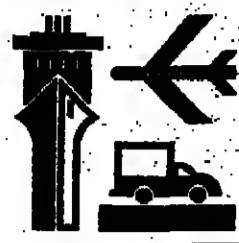
AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

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Advertisement for Vienna 515 62161, featuring the text 'Have your F.T. hand delivered... at no extra charge, if you work in the business centre of VIENNA' and contact information for Peter Grün of Morawa & Co.

FINANCIAL TIMES SURVEY



Travelling on business has been one of the growth sectors of the travel industry in the past decade. But fears about recession are causing concerns about the future. David Churchill reports on the pressures of business travel and its prospects in the 1990s

Concerns over growth

INTERNATIONAL hotels and airlines are beginning to become concerned that the rapid growth in demand during the 1980s by the world's business travellers for airline seats and hotel bedrooms could be hit if economic activity slows down in the early 1990s or even turns into recession.

The past year has been one of the most buoyant ever for business travel, points out Mr Colin Rainbow, commercial director of Pickfords Business Travel. "But there is no doubt of the concern by suppliers of business travel services of the impact of a UK or world slump."

After several years in which business travel has emerged as the most important part of the travel, lodgings, and hospitality industries world-wide — with expenditure of over £200m at a conservative estimate — the question is clearly of more than academic importance.

The organisers of the World Travel Market exhibition, which starts on the November 28 at London's Olympia exhibition halls, point out that business travel accounts for at least one-third of all travel and tourism expenditure world-wide. Moreover, the organisers

say that a record number of business travel suppliers will be exhibiting at the trade fair than ever before in its 10-year history.

Leading international hotel chains, for example, now find that business travellers account for over 60 per cent of their occupancy, a significant rise on a decade ago when business travellers accounted for under 50 per cent of average international hotel occupancy.

Airlines have also come to recognise the importance of the business traveller: it has been calculated, for example, that a full Club World business class section on a British Airways flight to New York alone would make the flight profitable — even if both economy and first class seats were empty.

Such economics more than justified BA's £25m expenditure on revamping its business class services last year, a move



Boeing 747-400s, on the pre-delivery line at Everett, Seattle; this new version of the Jumbo has a flight range of 8,000 miles

BUSINESS TRAVEL

that forced most other international carriers to follow suit.

Yet a decade ago many business travellers were still being forced to share aircraft cabins with squalling children and laid-back tourists. Now the trend is to pamper the executive not only with his or her own compartment away from tourists but, increasingly, to give business travellers greater control over their environment — eating when they want to, for example — as well as acknowledging the demands of work.

Being able to make international telephone calls from the cabin of a Jumbo jet at 30,000 feet, for example, will increasingly be seen as an essential part of international business travel in the 1990s.

Yet the business travel industry is not simply about those executives who jet-set to New York and back in a day on Concorde. The bulk of business

travel is carried out on a more mundane level: virtually all employees at a managerial or executive level within companies travel at some time on company business.

Most often this will be via a train or company car and the type of hotel used will be a more modest affair than Claridges or the Savoy. In fact, fastest growth within the hotel industry is seen in the mid-price sector — such as Marriott's Courtyard hotels or Holiday Inn's Garden Court.

Both these budget-value chains have proved a success in the US and are being introduced into the UK and continental Europe.

But while business travel of any type often seems glamorous to those back in the office or at home, most surveys of frequent travellers on business show that stress is common.

The Hyatt hotel chain, for example, surveyed 700 interna-

tional travelling executives earlier this year and found that while many found travel stimulating, at least in part, most were of the belief that the only certainty about business travel was that "something will go wrong."

The survey found that most travellers became stressed as a result of losing their individual corporate status. "Travellers relinquish office status for anonymity among the mass of other business travellers," the survey reports.

"Stress is seen as a reaction to separate, isolated circumstances such as airport crowds, airline or hotel mishaps, or the separation from home or family," it adds.

The report pointed out that the only way to overcome such loss of individuality when travelling was to take on the trappings of importance, such as flying first class, having a personal limousine, and staying in

expensive hotel suites.

Surprisingly, however, the survey found that frequent business travellers were no better at coping with the stress of travel than infrequent travellers.

Another survey, by Pickfords Business Travel, of UK executives found that most believed it was important to their companies to minimise stress while travelling — yet the majority also felt their companies were not doing enough about travel management to relieve stress.

"The travel agent had booked me on the wrong flight, leaving me stranded in Jamaica when I should have been in Puerto Rico," commented one executive.

Improved travel management is likely to be one of the areas of most corporate interest in the 1990s as the benefits of controlling business travel costs become more apparent. American Express, for exam-

CONTENTS	
Hotels	3
San Francisco	4
Brussels	5
Travellers' Tips	5
Birmingham	6
Travelling Gadgets	6
Sydney	7
International Payments	7
Airlines	8,9
New York	10
Air Taxis	10
Toronto	11
Businesswomen	11
Car Rental	12
Health	12
Frankfurt	13
Rail Services	13
Hong Kong	14
Business Travel Agents	14
London	15
Doing Business Abroad	15
Incentive Travel	17
Agency Inquiries	17

Editorial production:
Philip Halliday

ple, has calculated that some £20m will be spent this year by UK companies on business travel yet it points out that companies are only gradually putting in proper management controls (often with American Express's help).

American Express points out that business travel costs are part of a cycle of activity: this starts with planning travel, including policy objectives; physical arrangements of the trip and the travel itself; payment; reviewing the cost; and reconciliation of the costs.

Mr John Donaldson, director of Thomas Cook's corporate travel division, also suggests that unless the business climate improves markedly, companies will continue to focus on expense containment. "This is likely to increase the demands on us to provide additional in-depth management information," he says.

One issue of concern to business travel agents is the ramifications of the introduction of computer reservation systems to book airline seats.

The idea of these systems is that they offer the best travel arrangements for individual travellers without favouring one airline over another. Unfortunately, not all airlines belong to the same system. Thus Galileo, of which British Airways is part, has not yet secured the participation of leading airlines such as Cathay Pacific, Qantas, and Northwest. This means that some international airline bookings have to be carried out through two different computer systems, incurring potential problems if alterations to schedules have to be made or if flights are missed.

Mr Alan Spence, chairman of the Guild of Business Travel Agents, says that "the new

computer systems offer a real prospect of improving further the efficiency of business travel booking, but we shall want to be satisfied that what is provided truly meets the customers' needs."

He adds: "This could mean that when a non-Galileo carrier is used in addition to British Airways the total booking could be in the other airline's system and not BA's."

This squabble over reservations systems, however, is expected to be sorted out shortly, since the importance of computer technology in both the airline and hotel industries is becoming paramount.

The benefits of an international chain of business hotels is part of the reason for the scramble in recent years to buy world-wide hotel chains. Bass recently added the Holiday Inn operation in the US to the Holiday Inns it owned in the rest of the world to enable it to provide a truly international service with the world's largest hotel chain.

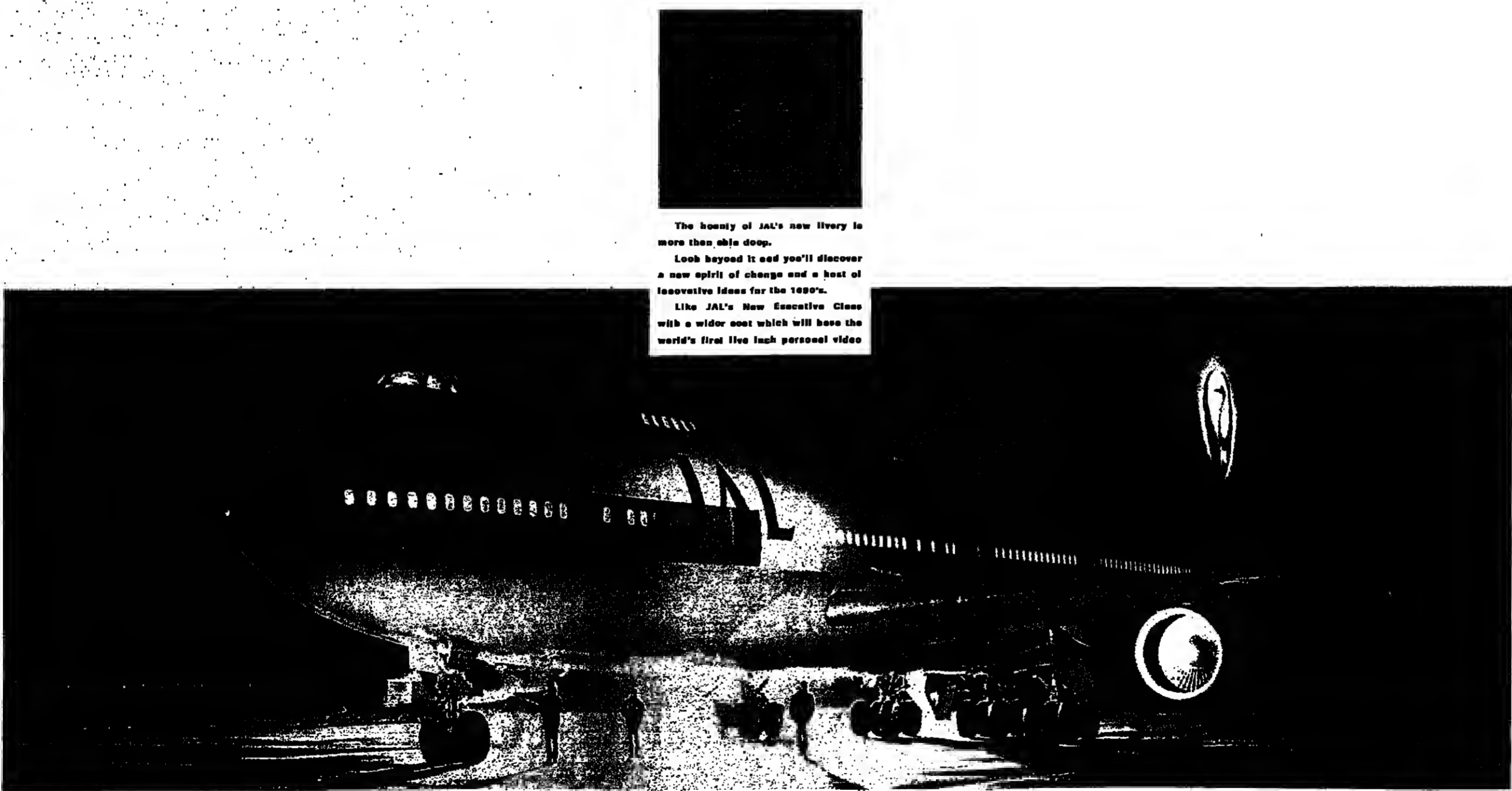
Holiday Inn's satellite computer reservations system, in fact, is said to be the largest use of such a satellite system outside of the US Department of Defence.

Although the state of the world's economy is clearly a large determinant in the future for business travel in the next decade, there are other factors which should mitigate the effects of any downturn. The creation of the European single market in 1992 will clearly lead to more business travel within the European Community.

Moreover, the opening up of eastern Europe is leading to a increase in business travel. Already a clutch of leading hotel chains are developing business hotels in Poland, Hungary, and Moscow to meet the demand.

As the world's economies become ever more integrated, and the ability to travel becomes both cheaper and easier, then business travellers in the 1990s will increasingly be wooed by a travel industry anxious to win their custom.

Business travel is not simply about those executives who jet-set to New York and back



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Japan Airlines

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"Where do I check in?"
 "I've left my ticket in the taxi."
 "Which gate is my flight?"
 "My luggage has gone through and I need something from it."
 "My car's outside on double yellow lines."
 "I think that's my plane taking off."
 "My canary's escaped."
 "Can I get a coffee around here?"
 "I can't do my zip up."
 "Can I get into New York by helicopter?"
 "What time do we get there?"
 "Just how wide are the seats?"
 "Do they have nappies on board?"
 "Where do I get a newspaper?"
 "Do they sell Russian vodka in duty free?"
 "Where's the Ladies?"
 "Where's the Gents?"
 "Where have all the trolleys gone?"
 "Is the Pink Poodle Club on 48th Street or 49th?"
 "Do we get to see where the pilot sits?"
 "What happens if it's full?"
 "Where can I get an oil filter for a 1965 Hillman Imp in Chicago?"
 "Do they take traveller's cheques in duty free?"
 "Where's the London desk?"
 "What do I do with this?"
 "Can I go through to the Departure Lounge now?"
 "Where is the Departure Lounge?"
 "They've put the wrong name on my ticket."
 "Can I get a bassinet for my baby?"
 "I'm looking for some string."

"Does my camera have to be X-rayed?"
 "I've just noticed my passport's out of date."
 "I need an aspirin."
 "Kann ich am J.F.K. Flughafen direkt zum Flug nach Chicago umsteigen?"
 "Where's the Ambassador Lounge?"
 "Do I need a Visa?"
 "Can I take these as hand-luggage?"
 "Can I change to a later flight?"
 "What do I do now?"
 "I have to phone my wife."
 "Is there a phone anywhere?"
 "Είμαι ο Πήτερ Άιζντελ-Κόρπεντερ εκεί?"
 "Anybody got a pen?"
 "What time is it?"
 "Is New York ahead or behind?"
 "Can I hire a car there, from here?"
 "Is it sunny in Los Angeles?"
 "Will my hair dryer work in Minnesota?"
 "I can't find a porter."
 "My aunty's gone missing."
 "Will they have any dominoes on board?"
 "Are there any seats in non-smoking?"
 "What's for dinner in First?"
 "What film are they showing?"
 "Is there a nice restaurant in Toledo?"
 "How do I get into town from JFK?"
 "My case is too heavy."
 "How far is Philadelphia?"
 "Is it on time?"
 "Can I change this non-changeable ticket?"
 "Can I choose my seat after I get on board?"
 "I'd rather sit at the back of the plane."

"Can I order a special meal?"
 "I can't find my boarding card."
 "What star sign is the pilot?"
 "I need to send a fax."
 "Is there a wheelchair somewhere?"
 "Is there a lift?"
 "Do I have to be X-rayed?"
 "Please, somebody."
 "Which way now?"
 "My seat's supposed to be reserved."
 "Will they wait for me?"
 "Can I change my money here?"
 "What's going on?"
 "How many bags am I allowed?"
 "What's the code for Dayton, Ohio?"
 "Is it too late to order a kosher meal?"
 "What escalator?"
 "Can I leave my rented car keys with someone?"
 "Maybe someone will change seats with me?"
 "Will we all be able to sit together?"
 "Can my son sit in the cockpit?"
 "Is it too late to change my flight?"
 "Is it too early for the bar?"
 "Will there be any film stars in First Class?"
 "Who won last night's ball game?"
 "I didn't hear that."
 "Is it are not my wife's ticket here to pick up. ¿Qué?"
 "How do I make my connection in New York?"
 "Help!"

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our 6 daily flights to the USA, and your passport disappears, or your mother-in-law needs some elastic in a hurry, you know who to turn to. The person in the white jacket. With the red carnation in the buttonhole.

TWA

For the best of America

BUSINESS TRAVEL 4

■ **BUSINESS CITIES:** post-earthquake San Francisco is winning back visitors, reports Louis Kehoe

Damage limitation in the wake of disaster



The Golden Gate bridge: more traffic after the earthquake

AFTER LAST month's devastating earthquake, San Francisco is "back in business," local officials, hoteliers, merchants and restaurant owners are anxious to tell the world. Hoping to avoid further economic damage in the wake of the disaster, the city is pouring resources into efforts to rebuild its reputation.

Until October 17, San Francisco was a favourite destination for tourists and business travellers alike. But since then, many would-be visitors have avoided the city. Several conventions have been cancelled and hotel bookings have plummeted.

Television pictures of the damaged San Francisco Oakland Bay Bridge, the fire-ravaged Marina district and the collapsed Oakland freeway gave the world the impression that the entire city of San Francisco has collapsed, local businessmen complain. In fact, most of the area's buildings escaped serious damage. Few of the region's quality hotels suffered structural damage and the vast majority of restaurants were serving meals within a few days of the earthquake.

Telephone, electricity and gas services have been restored and for the majority of northern California companies it is

"business as usual" in spite of some inconveniences.

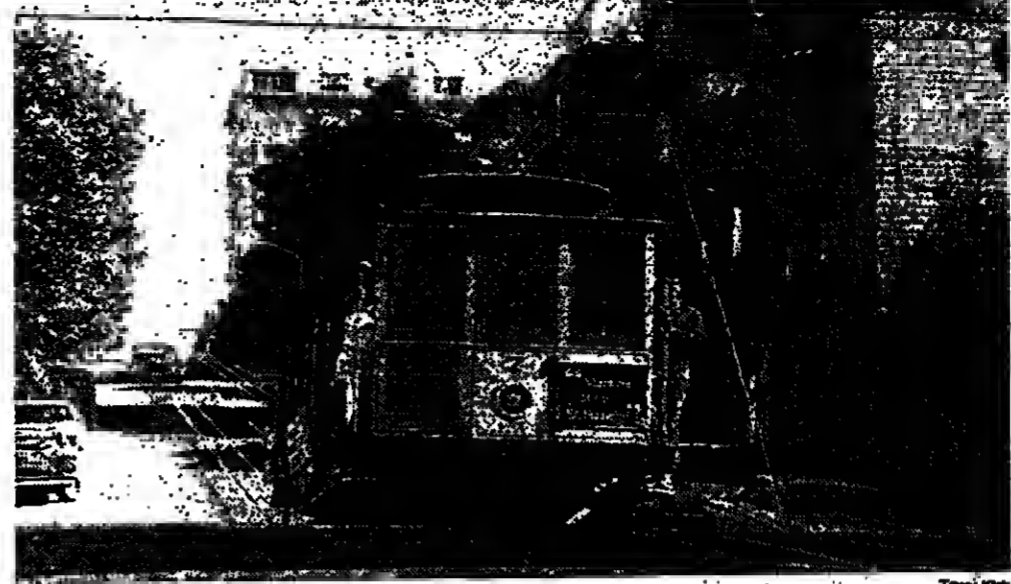
The greatest difficulty faced by residents of the San Francisco Bay area, and by business travellers visiting the region in the next few weeks, is traffic hold-ups. With the closure of the Bay Bridge, travel from Oakland to San Francisco has become a big challenge.

For the majority of northern California companies it is "business as usual"

In practical terms, this means that travellers planning to arrive at Oakland's International airport, rather than San Francisco International, must take a circuitous route to reach the city. San Francisco airport itself suffered some damage in the quake, but is now fully operational.

Travel between the Bay area cities of San Francisco and San Jose has been made more difficult by the overload of traffic diverted from damaged freeways. However, with a little patience and careful planning, these problems can be overcome.

For the business traveller



Cable cars: riding the ups and downs of life on a fault line

arriving in San Francisco today, it may even be difficult to find much physical evidence that the earthquake ever happened. Rebuilding and repair efforts in San Francisco are less widespread than the reconstruction that is prevalent throughout the City of London.

Many of the most badly damaged areas are well outside the city - in Santa Cruz county, to the south, and in Oakland to the east. Most of San Francisco's devastation occurred in the plush residential Marina, well away from the city's financial district.

Let any visitor suspect that media accounts of the earthquake were exaggerated, however, casual conversation with almost anyone who lives in the San Francisco Bay area will quickly correct misunderstandings. The most lasting effect of the quake seems to be the emo-

tional toll that it has taken on the residents of the region.

On the bright side, however, it is now far easier to find a hotel or restaurant reservation in San Francisco. Bargain prices are being offered by some of the city's top flight establishments and service providers are anxious to please and reassure visitors.

Nevertheless, fears of another earthquake are not entirely groundless. Since October 17, the region has suffered more than 4,000 "after-shocks." Most of these have, however, been minor shakes that would normally pass unnoticed. In reality, San Francisco is less likely today to suffer a large earthquake than it was before October 17.

Any visitor to an earthquake-prone region - be it Greece, Mexico, Japan or California - is wise to carry with him or her a torch with batteries, a couple of candles and perhaps a transistor radio - just in case.

The visitor may rest assured, however, that the city of San Francisco is well prepared for all eventualities and built to withstand even large earthquakes.

That is more than many leading cities in other parts of the world can claim.

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Small hotels rise above the trade clamour

THE PHRASE "business hotel" is a bit of a pejorative these days, though I cannot think why. I can think why, of course - though the answer has less to do with business hotels themselves than with the efforts of the men and women who own and run small hotels of character, who wish to make themselves heard above the hype and clamour of the travel trade as a whole.

I actually like business hotels. I also enjoy small, eccentric, proprietor-run hotels in out-of-the-way places, particularly if they are as good as those in the International Hotels & Chateau guide.

The two categories are not mutually exclusive, merely different. To advocate the charms and advantages of the

equivalent of convenience food. And some of us want something else when we travel abroad.

It continues in this vein, asking how it can be that Bath has eight entries in the guide and Bristol none. It is unhappily the case, says the guide, that the best - or at least the mediocre - drives out the good.

"Tristram Forte," it says, "has made a huge contribution to raising the standards of hotel catering in Britain, but it is no accident that the guide lists no more than one THF hotel."

"When it acquires an old hotel, THF will certainly improve its facilities, put in baths en suite and colour televisions, and yet, again and again, its presence is a kind

Michael Thompson-Noel argues that business hotels have an undeserved reputation for blandness and standardisation. "If all business travellers were fed up with big corporate hotels they would stay in little private ones. But they don't."

one, you do not have to bed-mouth the other.

But that is what happens, with the result that business hotels are often portrayed as havens of gloom: monotonous, charmless, standardised, bland, money-grabbing.

In the UK, for example, the Good Hotel Guide, which is published by the Consumers' Association, has long waged an heroic campaign on behalf of "small hotels of character."

This is why its annual list of César Awards, named after César Ritz, cover a wide range of categories, some of them highly specialised. The "Shangri-La of the Outer Hebrides," for example, or "sturdy independence in doing their own thing with verve."

Puzzlingly, however, the Good Hotel Guide is rather fond of making its case on behalf of small hotels of character by slipping - very hard - what it calls large business-oriented city hotels.

The 1978 edition of the guide, for instance, which covers Britain, Ireland, western Europe, Morocco and Yugoslavia, claims that there are no good hotels in Birmingham, Cardiff, Cambridge, Leeds, Liverpool or Nottingham.

Yet that is not quite what it says. What it says is that it has been asking its contributors for years whether there are any good hotels in these places, and is still waiting for an answer.

Perhaps there are none. But to substantiate its case, the guide then takes a powerful swipe at business hotels.

"There are plenty of hotels to choose from in any industrial centre. But most large business-oriented city hotels are relatively indistinguishable one from another. They may differ in their architecture and facilities: some will have air-conditioning and double glazing, four-posters and mini-bars, more spacious public areas, more boutiques.

"And of course their management and service may be smart and slick and span or, alternatively, slack, smooty or sullen. That can make a difference. But however good a big corporation-owned city hotel may be of its kind, it will remain the hotel

of kiss - not of death certainly - but of half-life. And the same is true about the acquisitions of all the other large chains . . . who are in the business of catering more for customers en masse rather than the individual."

This is almost entirely unfair.

It is ridiculous to claim that however good a big corporation-owned city hotel may be, it will remain the equivalent of "convenience food."

A good example is the Ritz Hotel, Madrid, a THF property, which is bang in the middle of a large city and bears as much resemblance to convenience food as caviar to cat food. It is an excellent establishment in anyone's language distinctive, distinguished and managed with great flair and sensitivity.

Big is not synonymous with second rate. There are probably more good big hotels than there are good little hotels. A really good big hotel is probably a better hotel in which to stay than a really good little hotel - at least for the business traveller.

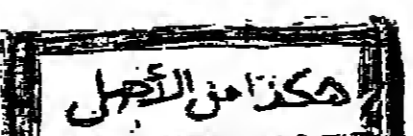
He is not paying anyway (and nor is she), so we are not comparing like with like. Yet if all business travellers were fed up with big hotels they would stay in little ones. But they do not.

Business travellers stay in big hotels - so-called business hotels, though the description has more to do with marketing than with anything else - because at the end of the business day what they need, most of them, is something functional, familiar, and efficient.

If blandness and anonymity are the price to pay, they seem happy to pay it, though blandness and anonymity are by no means the monopoly of big hotels.

As a matter of fact, it has often occurred to me that good big business hotels are often a better place in which to spend a holiday than good big holiday hotels, because they are not overrun by tourists. And they are certainly miles better than poor small holiday hotels.

At least in my opinion.



BUSINESS TRAVEL 5

BUSINESS CITIES: Brussels offers something old and something new, says Eugenie Maechling

Single market prompts hotel expansions

IN 1815 the poet Robert Southey found that "Brussels has been too much modernised, too much Frenchified in all respects." This is a view that many Belgians may still share but which many visitors in the late twentieth century may regard as an overstatement.

One of the advantages of Brussels is that it is not too big and modern nor does it seem very French when one lands at the international airport in the Flemish commune of Zaventem where most of the staff speak Dutch.

Old-fashioned trams still criss-cross the city. Street markets compete admirably with supermarkets and the general pace of life is relatively slow for a European capital. It remains a remarkably easy place to visit and to do business.

Brussels is expanding, and upgrading its facilities for the run-up to 1992. It remains a remarkably easy place to visit and to do business.

For the past couple of years the hotel trade has been under considerable pressure. Two projects will add another 500 or so hotel rooms to the current 4,500 but Brussels will probably still be short of accommodation when 1992 arrives.

Place Stephanie at the top of Avenue Louise is the site of a

new 5-star Conrad International hotel which Hilton USA plans to open in 1992.

In step with the new spirit of conservation in Brussels the Conrad will preserve the basic structure and face of an imposing nineteenth century aristocratic residence, not unlike Albany in Piccadilly.

It will be redeveloped to provide 270 duplex apartments and suites as well as offices, shops, restaurants and much needed parking space for 400 cars.

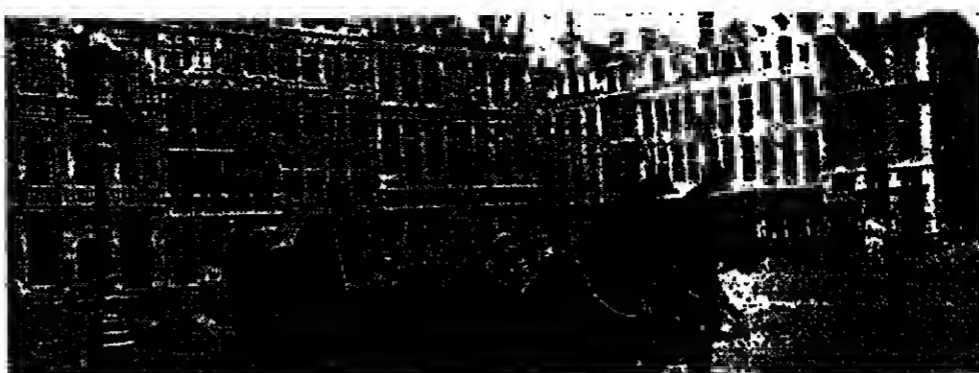
It is a luxury project that will give stiff competition to the Hilton up the road (sold by Hilton USA in 1987 along with other overseas hotels) as well as the Sheraton. Both are in somewhat less attractive parts of town.

For the Nordic traveller, the new Scandinavian Airlines hotel which opens in January next year will provide the best service in town.

The five-star hotel, just off the Grand Place, has a gable-roofed brick facade roughly in keeping with the surrounding mish-mash of gothic and baroque buildings.

Inside the hotel are 281 suites in a variety of styles from Scandinavian to Oriental as well as conference rooms, a fitness centre and restaurant.

The hotel provides a computerised check-out service that



The Grand Place: life in Brussels can be seen as relatively slow

Alongside the exhibition centre is a large new entertainment complex known as Brussels Park which is a kitsch medieval village with restaurants, shops and a mini-Europe series of models of buildings and monuments from across the Community.

Not far off is Océadium, an enormous swimming pool complex with slides and artificial waves. In the same area is Kinopolis, a temple to the cinema world that will eventually house 27 movie theatres, 16 are already open.

In any other country such an enormous complex would incorporate a large hotel but the only accommodation is to be found at the somewhat modest two-star Fimotel with 180 beds.

Over the next few years this may be expanded to about 280 beds but the lack of large hotels at Brussels pays tribute to the relative ease with which you can get from the centre of Brussels to the outskirts by underground or car.

There's not much point in staying near an imitation of a baroque Belgian town when you can stay in the real thing. One can only hope that in the run-up to 1992, Brussels remains as small and manageable as it has been in recent years.

can be conducted on the television screen in the hotel room and best of all, a baggage check-in service at the hotel for all SAS flights.

Other travellers would be grateful to reduce the time that they spend at Zaventem which along with the national carrier Sabena has a less than excellent reputation for cordiality and efficiency.

The airport, built for the World's Fair in 1958, was designed to comfortably accommodate about 600,000 passengers a year. More than 7.5m passengers a year now pass through Zaventem's terminals. It is one of the busiest airports outside eastern Europe but one with tremendous potential for improvement.

British Airways and KLM are in protracted negotiations to take a 40 per cent share in the Sabena holding company and thus ultimately strengthen their control over the facilities at Zaventem. BA is optimistic about a deal in the near future, but it would be another couple of years before any significant improvements will be seen at Zaventem or in Sabena's service.

Once past the gate at Zaventem, transport to and around Brussels is fairly quick. Marvellously, Brussels does not sprawl and traffic is not yet as crippling as in London or Paris. That has meant quick commu-

nications between the offices of the European Community, trade associations, hotels and conference facilities.

The leading conference and exhibition centre for the capital is in north Brussels, near the Heysel stadium that hosted the 1986 World's Fair.

The exhibition centre, built in 1986, is reminiscent of the Park of Economic Achievement outside Moscow with its monumental concrete columns and statues.

Inside the centre there are 12 exhibition halls which are usually booked well in advance for a variety of trade fairs, many with a Belgian orientation, but at least one-third geared to international commerce.

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Mitchell: 25 years of business travel for ICI

TRAVELLERS' TIPS

Taking the lag out of flights

NEVER GET corners when travelling on business. That is the advice of Mr Tony Patterson, named Traveller of the Year for 1988 by Business Traveller magazine.

He puts the point graphically: "I was travelling economy class with a colleague on Pakistan International Airlines from Islamabad to Karachi during the month of Ramadan. People had just eaten after fasting all day when we took off at 7 pm. Shortly after take-off, we hit some bad weather and everybody around us threw up. It was terrible. On the way back, we decided not to risk it and upgraded to first class - an extra \$5."

Mr Patterson, who travels widely each year providing the consultancy service for overseas companies that want to operate in the UK, has developed a list of do's and don'ts when travelling on business.

His advice is for business people always to travel in as relaxed a way as possible. "People say British businessmen are shabby but I don't think that's true. When you are travelling, all you need is slacks and a sweater to feel comfortable. You don't want to worry about your suit being creased. It's better to change at the other end, especially if you are travelling any distance."

He always considers the possibility of jet lag and tries to sleep when his body tells him he should be sleeping. He eats only when he feels hungry and always has a drink at the beginning of the flight to relax him. He enjoys long-haul flights because they offer the chance to relax. He says there should be no telephones on such flights so that the business traveller can relax ahead of what is usually a heavy schedule.

"I am a sight to be seen when I travel. It's ear-phones, eye-shades, socks, the lot," he says.

He greatly dislikes airports. "I don't like it when we are treated like sardines at airports, especially at Terminal Two at Heathrow"

and Warsaw, amorous ladies keep ringing you up. It is straight-forward soliciting and extremely irritating."

In 25 years of travelling on business for ICI, Mr Mitchell said he had visited 33 countries and seen the insides of some 230 airports, which have helped him gather a suitcase-full of anecdotes.

He will never forget a trip to Nigeria five years ago on which his flight was diverted from its original destination of Lagos to Benin.

He had forgotten his anti-malaria tablets, was stopped by machine-gun wielding men on his way from the airport who went through his luggage and harangued him for not having declared some coins they found there, and none of the ministers supposed to attend some of his presentations around the country turned up.

He looked forward to putting the trip behind him and turned up three hours early at Kano airport, in northern Nigeria, to catch an Air France flight back home.

However, when he arrived at the airport he was told his seat was no longer available. At the end of his tether by now, he said: "I told the French local Air France manager that if he didn't put me back on the flight I would write to all the French newspapers when I got back to Europe telling them he had been bribed to give my seat away." A seat was found for him shortly afterwards.

As for his favourite trip "I shall never forget a trip from Griffith in New South Wales, where I had gone to visit one of our research stations in the early 1980s. A man carried my bag from the car. He then checked me in, loaded my luggage on to the small aeroplane and then got into the pilot's seat and flew me to Wogga."

Mr Mitchell admits to a love of Australia and its people and said: "They have no respect for authority unless it is earned. I can associate myself with that."

"I regard Asian airlines and hotels as the best. I think it is something to do with their culture and general expectations of giving and receiving."

No airline beats British Airways as far as Mr Nigel Massey, marketing director of Aldersgate Developments, Mr Peter de Savary's property company, is concerned.

He says: "Four years ago, I wouldn't have put my worst enemy on British Airways. But I can honestly say, day and night, British Airways is the best and where possible I try to fly with them."

"A businessman wants an airline with people who understand. He doesn't want duty-free, he just wants to get on, have good food and go to sleep, and BA epitomises all I look for in an airline."

As for US airlines: "I find the average service on US airlines indifferent and resentful and sometimes downright scandalous."

For London-based Mr Barry Toogood, general manager, European agencies, at Knight-Ridder Unicom, the large US newspaper group, constant delays have meant a change to his working schedules.

"Two or three years ago I could fly to many European cities and have a full day on business. But today, you are lucky to get three or four hours, so now I find I have to allow an extra day," he says.

He also feels conditions for business people travelling in western Europe are very poor.

"When travelling in Europe, one feels shunted around as if on a bus. The bounce goes out of it at that level."

He prefers long-haul flights. Singapore Airlines sticks in the mind for its all-round quality of service. They just seem to get more things right," he says. He avoids US airlines. "They all seem to be so run-down."

Joel Kibazo

The businessman who eats well stays hungrier.



"Right Fortescue," said the Chairman "We're going for the American market. The Board wants it. The shareholders want it. I want it. We're hungry for a big one here, Fortescue."

"You're hungry" thought Fortescue, "I'm starving. Three hours on the motorway, coming to head office. No food, contraflows as far as the eye can see. The only thing I've had in my stomach is my heart."

"I want you to head it up Fortescue" continued the Chairman. "Study the market, pick the people. Really get your teeth into it."

"Teeth." The word gnawed into the empty pit of Fortescue's stomach.

"If I'd come on InterCity, I could have got my teeth into a full English breakfast" he mused. "Country-side rocing past the window, fried egg, succulent sausages, crispy bacon. All the trimmings."

"The American market is huge Fortescue, it's ripe. And you are going to devour it for us."

Fortescue's mind made a futile attempt to grapple with the sales potential in Minnesota. But his stomach had all-devouring thoughts of its own.

A steward bearing slices of hot toast and a cup of steaming black coffee swam briefly into vision.

"Chew it over, Fortescue."

The Chairman's culinary metaphors seemed to Fortescue to have a sadistic streak.

His distracted expression caught the Chairman's steely eye.

"We could always give it to Tomkins" the Chairman intoned silkily. "Maybe you've got too much on your plate, Fortescue."

"If only I had" thought Fortescue. "If only I had."

INTERCITY

BUSINESS TRAVEL 7

INTERNATIONAL PAYMENTS

Cards bring more control

BRITISH businessmen spend an estimated £29bn — the equivalent of 8 per cent of gross national product — each year on travel and entertainment. Travel and entertainment costs outstrip the national bill for corporation tax and rates.

Keeping travel costs under control is a never-ending struggle for many corporations. Equally, since business travel is not an end in itself, there is a constant search for more effective and flexible payments instruments.

The spread of international payments systems to most parts of the globe has made the going much easier for business travellers than it was even a decade ago.

The modern traveller can draw roubles from a cash machine in Moscow or Turkish Liras from a Visa automatic teller machine (ATM) in Istanbul enabling him to draw cash as and when he wants it.

be, and whether they watched the movie on the television in their hotel bedroom," says a credit card specialist with one of the big four UK banks.

"In general this can be useful, but there are occasions when it causes embarrassment all round, particularly when very senior company employees are concerned. In any case, quibbling over bills does not create a very good corporate spirit," he adds.

Perhaps this is one of the reasons why travellers' cheques, such as those issued by Thomas Cook and American Express, are still popular with business travellers.

"Travellers' cheques have obvious advantages over cash — their easy replaceability for example — and unlike credit cards, they do not automatically throw up an audit trail revealing the way they have been used.

On the other hand, they have obvious disadvantages over cards. They are less portable and thus are potentially more prone to theft.

"Travellers' cheques are also relatively expensive, especially if not encashed at an office of the issuer when a second commission is liable to be charged. They also have to be paid for in advance and refunded if unused.

Acceptability of travellers' cheques can also be less ubiquitous than is sometimes realised.

This summer a West German travel agent in the heart of Frankfurt, with the Master-Card sign on its door, declined to accept my Thomas Cook travellers' cheques when buying a train ticket, although they carried the same branding.

The travel agent directed me to Thomas Cook's own bureau a few doors down the same street. This was an easy and swift alternative to cashing it for themselves, but one which did not seem to be entirely satisfactory.

The dominance of card-based travel and entertainment services is likely to increase further and become steadily more specialised.

This year, Diners Club, the charge card system owned by a worldwide network of franchisees, combined with SAS, the Scandinavian Airline, to produce a new air travel payment card.

Accepted of credit and charge cards has become so widespread (both Visa and MasterCard claim more than 6m outlets worldwide) that plastic looks set to stay dominant for the foreseeable future.

A more difficult question to answer is whether or not credit card systems such as Visa and MasterCard can topple American Express and Diners Club from their position in the travel and entertainment market.

Charge card systems have a lot going for them. Even Diners Club, the oldest but smallest card payment system, still commands a formidable range of outlets in countries where it was the first plastic card to be generally accepted.

From a company's point of view, management and control of expenses — including such add-on benefits as American Express's Company Card Protection Plan which guards against unauthorised expenditure — can be combined with financial savings, and increased efficiency.

The latter come from improvements in cashflow with less funds tied up in advances and floats.

From the user's point of view there is special attraction that charge card organisations tend to lavish on their customers.

American Express prides itself on ensuring that customers get prompt treatment not only in minor emergencies (for example, a 24-hour replacement service for lost or stolen cards) but also in getting services for card holder travellers swiftly restored when a disaster such as an earthquake hits a country.

Convincing companies that a card is not a status symbol but an instrument of control takes time

In some companies' the study points out, "up to £300,000 can be tied up in cash advances to staff. Company cards are often seen as a management perk rather than as part of an expenses management system."

Of the 70 per cent of companies who do provide their employees with a charge or credit card, 73 per cent use American Express. Amex says that as many as 92 per cent of directors use Amex cards and 67 per cent of middle managers.

Convincing companies that a card is not a status symbol likely to be abused but an instrument of control takes time. One problem is that modern electronic methods throw up a wealth of detail which can sometimes be embarrassing.

"With a debit card and modern billing systems, for instance, you can often see who telephoned where, whether someone was in the town they said they were in at the time they were supposed to

answer is whether or not credit card systems such as Visa and MasterCard can topple American Express and Diners Club from their position in the travel and entertainment market.

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David Barchard

BUSINESS CITIES: Sydney's fine reputation has taken a knocking, reports Chris Sherwell

Harbouring a wealth of outdoor attractions

IT SAYS something about Sydney when the Darling harbour redevelopment, a conference and exhibition centre with shopping and leisure facilities, is described as Australia's premier tourist attraction by its promoters.

Darling harbour may well be worth seeing, or using for a business event. But premier tourist attraction it is not. It cost almost A\$1bn to build and the 400-table casino (the world's largest) which was to help fund the project, has been dropped. Local taxpayers are not amused.

The centre is situated in a city renowned the world over for its magnificent natural harbour (of which Darling harbour is a tiny fragment), for its beaches and its spectacular opera house. All this in a country with unique features such as Ayers Rock, Kakadim national park and the Great Barrier Reef.

Indeed, for a city with such a remarkable reputation as a place to visit and live, Sydney has deservedly taken a hard knocking over the past year. Look at the catalogue of complaints:

● A congested airport, made worse by an overnight curfew, disruptive air traffic controllers, inefficient immigration and customs systems and, latterly, an unreliable domestic

airline system (courtesy of the local pilots' dispute).

● A poor taxi system. Cabs frequently don't arrive on time when pre-booked and drivers are not tested for their street knowledge.

The local authorities have agreed to an expensive tunnel under the harbour which will use the same feeder roads as the harbour bridge.

● A shortage of hotel rooms, at least up to 1988, which resulted in a large rise in room prices and expensive ancillary services.

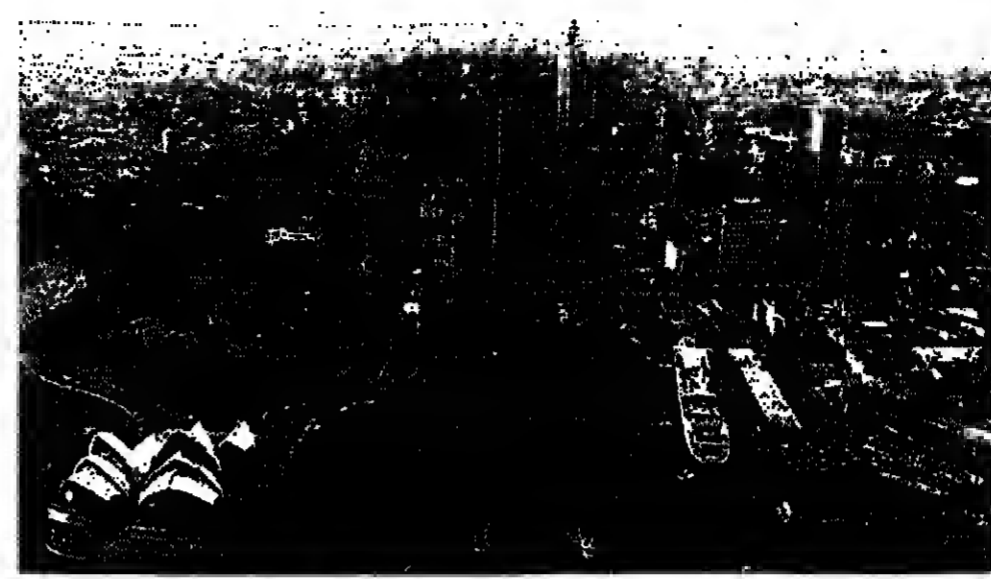
Recommendation: rent a harbour-side apartment, but be prepared for high-priced restaurants, concerts, theatres and cinemas.

● An unfortunate determination to rebuild the city centre (it resembles a building site), with architecturally unimpressive erections.

Yet it tolerates the emergence of ethnic ghettos such as the Aboriginal ghetto in inner-city Redfern and the Vietnamese ghettos in Cabramatta, in the sprawling western suburbs.

● An antiquated sewage system which fails to give adequate treatment to its voluminous industrial and household waste, resulting in scandalously polluted snrf and beaches on days when the wind blows the wrong way.

● An inability to deliver clear



Sydney: renowned for its magnificent natural harbour, its beaches and the opera house

television pictures to various areas of the city resulting in arrays of tall aerials above suburban houses. The sooner Sydney is wired, the better and more beautiful it will be.

● An abiding sense of fast money and loose morals. Sydney's King's Cross has long been a centre for drugs, sexual freedom and crime. Fortunately these drawbacks are dwarfed by a more general

atmosphere of neighbourly bonhomie.

● Even the weather has taken a turn for the worse in 1989. Between Christmas and July, Sydneysiders suffered rainfall in volumes not seen in a generation, followed by a warm and dry spring.

Sydney is not all bad, otherwise where did its reputation come from? The principal attractions are outdoors.

● The Harbour: Sydney's centrepiece, visitors should see it from a regular ferry rather than an expensive floating diner.

Its indisputable beauty, which can also be experienced on shoreline walks, is marred only by what Sydney people have done to it.

Witness the naval base and ugly crane on its southern shore, and the industrial facili-

ties and suburban skyscrapers on its edges.

● A mosaic of parks: Kuringai national park to the north on the edge of Pittwater; in effect another Sydney harbour, the Royal national park to the south, the Blue Mountains (which should have been called the yellow gorges) to the west, and innumerable beaches, stretching out along the coast in both directions.

● The Hunter Valley wine-lands: fly along the highway and look back, if you must do it in a day. It's more fun to stay for the weekend. That way you imbibe a Sydney ritual as well.

● In town: The Rocks area, where Australia's first colonisers lived, remains the best authentic sight.

Then there's the opera house, which always has something worth seeing, the nearby botanic gardens, and Taronga Zoo on the harbour's north shore. Try Centennial Park in the eastern suburbs for horse or bike rides.

● If you like eating, Sydney, like any Australian city, offers plenty of variety, thanks to its wonderfully cosmopolitan population. Rock oysters and fish are its specialties. Try a BYO — Bring Your Own (bottle of Australian wine) — which invariably offers greater value for money.



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BUSINESS TRAVEL 8

David Churchill looks at ten years that changed the world of the business class

More space travel proves popular

FITTY THE poor bewildered business traveller having to choose between the many airline business class services around the world.

Ten years ago, the travelling business executive was hardly given a second thought by the airlines - having to put up with cramped seats, screaming children and poor food.

A decade is a long time in the international airline business. Now business travellers are the most wooed market, courted assiduously by airlines not only because demand by executives for airline seats remains buoyant but also because they tend to pay close to the full fare.

A measure of the importance to airlines of business class passengers was recently revealed by Business Traveller magazine. It calculated that a fully booked business class on a British Airways flight to New York would, even after deducting travel agency commission and other incidentals, still make the flight profitable - even if there were no economy or first class passengers at all.

Such calculations help explain why British Airways was prepared to spend \$25m last year upgrading its business class services. The BA revamp, which created two distinct products - Club World and Club Europe - was the most significant development

in business class travel for several years. The new service galvanised most of BA's competitors into radically upgrading their business class services - so much so that virtually every week sees some improvement announced by a main airline as each seeks to gain a competitive advantage.

By being first with its relaunch, BA secured most marketing benefits, with sales revenue up by 106 per cent since the service was introduced in the spring 1988. The main benefit for passengers of the Club World service was significantly increased

Virgin Atlantic is BA's main competitor on the lucrative New York routes

leg-room and seat recline, as well as new contour-shaped seats replacing the previous rather uncomfortable seats. Club World also offers a fixed cabin space to divide passengers paying a higher fare from economy, as well as significantly improved food and wines.

Club Europe was based on the concept of saving business travellers both time and hassle when on short-haul European flights, rather than making the

actual in-flight service too luxurious. This such services as "valet parking" for travellers to Paris and Amsterdam was introduced at Heathrow's Terminal Four.

BA was so successful with its business class relaunch that it was forced this year to upgrade its First Class services as well. It found that some business travellers were switching from first to club because the level of service and comfort was so much improved. The philosophy behind the relaunch was to give the senior business executive greater control of his environment.

"Today's First Class passenger expects to be in control, to be given choice, and above all to be given the very best standard of service," explained Sir Colin Marshall, BA's chief executive.

BA incorporates personal video screens on some of its First Class flights - a service many expect to be offered in its Club Class before long.

Virgin Atlantic already offers portable video sets on its flights - with a catalogue of up-to-date feature films to choose from - and other airlines are likely to follow suit.

Virgin Atlantic is BA's main competitor on the lucrative New York routes. Virgin piped BA for the coveted Business Traveller award recently as the best long-haul business class service. Singapore Airlines came third and Cathay Pacific came fourth. BA was voted the best airline overall among business travellers.

Virgin's success has much to do with several factors which point the way towards the development of business class services in the 1990s. It offers first class sleeper seats with a 55 inch seat pitch (compared

Ten years ago, the travelling executive was hardly given a second thought

with 40 inches in Club World) at virtually the same price as all other airlines' business class. In addition, it has more space available on flights for business class passengers simply to move around, either to the bar for drinks or talking to colleagues or new acquaintances.

Market research and Virgin's success clearly shows that space is the important requirement for the business traveller, even if the airlines have to

allocate this at the expense of first or economy class passengers. Airlines are also looking closely at the question of in-flight catering and whether executives actually want ever more elaborate food. Some believe the trend will be towards more snacking arrangements for business class passengers, which they eat when they wish.

Perhaps the biggest area for improvement will come from better check-in facilities. Surveys show the airport check-in is where most executives feel a loss of control. A faster and more streamlined service is clearly needed, as is the recognition by airports that frequent business travellers need a different treatment to the once-in-a-lifetime traveller visiting relatives overseas. There was chaos at Heathrow's Terminal Four departure lounge recently when security checks and the sheer weight of passengers created long delays.

British Airways is trying to alleviate this problem in the short term by having special staff - wearing red carnations - whose job it is to help business travellers through check-in and customs.

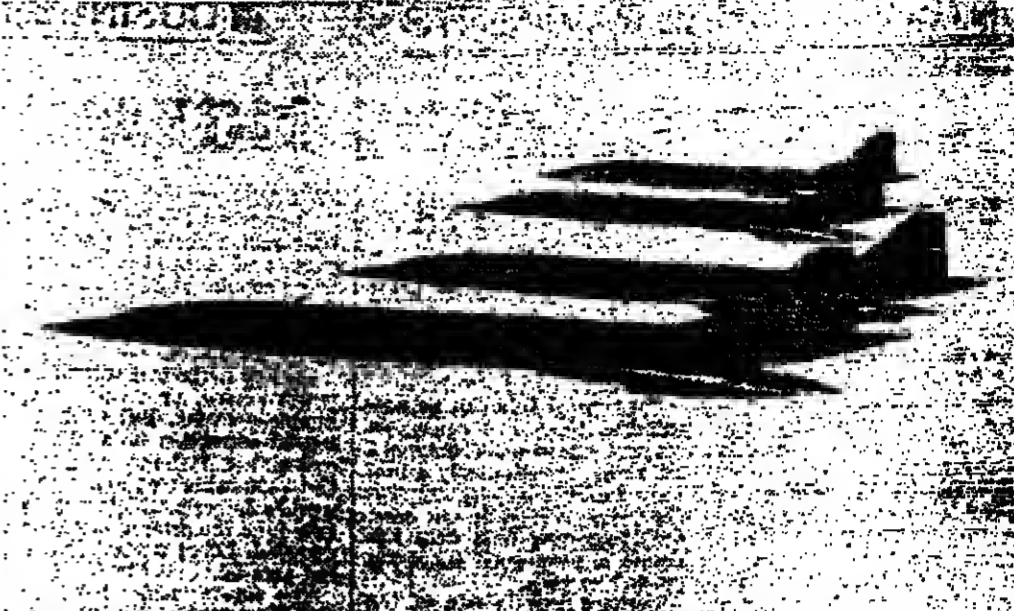
In the long term the battle for the business traveller may be won on the ground rather than in the air.

Yet Concorde has emerged from all the years of doubts and wrangling over its cost, noise levels, and elitism, as one of the most effective business tools for the senior executive for whom time means more than money.

Supersonic travel has enabled captains of industry to fly across the North Atlantic, arrive in New York not only before they started out, but in a fresher state as well, due to a lower cabin pressure than on a regular jumbo.

British Airways offers a special package - a sort of "awayday" to New York and back on the same day, with a conference room included, priced at \$3,500 return instead of the normal London to New York return fare of \$4,500.

Travelling from London Heathrow on BA 001 at 10.30 am (check-in time is only half an hour before departure, so



A gathering of Concordes: emerging from the doubts and wrangling over cost

CONCORDE Awayday to New York

JAGUAR CHAIRMAN Sir John Egan is a fan; so are fellow knights Sir James Goldsmith, Sir Hector Leung and Sir Gordon White; as, indeed, are Lords Forte, Hanson, and Keith.

The object of their admiration is a 20-year-old aircraft, which offers one class of service in small, cramped seats; no in-flight movie to while away the time; and costs about twice the normal business class airline fare.

Yet Concorde has emerged from all the years of doubts and wrangling over its cost, noise levels, and elitism, as one of the most effective business tools for the senior executive for whom time means more than money.

Supersonic travel has enabled captains of industry to fly across the North Atlantic, arrive in New York not only before they started out, but in a fresher state as well, due to a lower cabin pressure than on a regular jumbo.

the really keen executive can have got in a couple of hours work at the office beforehand, or at least a power breakfast at the Savoy. Concorde arrives at JFK airport in New York at 9.20 the same morning.

BA can then arrange for one of three meeting rooms to be made available at the airport, with all the normal facilities needed for presentations and so on. The executive would then have some four hours of meeting time before catching the 1.45 pm Concorde to land back in London at 10.25 pm (London time, but after only just over 3 1/2 hours' flying time).

The only snag with such a jet-setting scenario is that, of course, the times are illusory. The time-lag difference between New York and London means that the real elapsed body time for the hot-shot executive is 3.25 am - i.e. the executive will have been up for nearly 20 hours at least.

Yet there is no way on conventional sub-sonic aircraft for an executive to have flown to New York and back in a day and to have held a four-hour meeting as well. Moreover, the three hour and 20 minutes flight time on the way out means the executive is effectively in the same shape as after a UK train journey. Of course, most business executives do not use Concorde

for such an expensive day trip but usually to save time on a regular flight on conventional aircraft. Moreover, while the food on Concorde is rated highly given the constraints of preparing a meal in such a small aircraft, many passengers forgo eating on the plane on the way out simply because they will arrive (having cleared customs and the journey into Manhattan) just in time for lunch.

Others have different reasons for eschewing the meals. Mr Paul Hamlyn of Octopus Books - a frequent Concorde passenger - once told an interviewer: "I know better restaurants in London and New York, so why should I?"

Perhaps the biggest worry many top executives have about their jet-setting corporate lifestyle is that it will, like all things, eventually have to come to an end. As no further Concordes are in production, there will come a time early next century when the aircraft will finally have to be taken out of service. Before the next generation (if any) of supersonic aircraft are built, the top business travellers in 20 or 30 years' time will have to come to terms with a less stylish way to travel.

David Churchill



Virgin Atlantic offers portable video sets - with a catalogue of up-to-date feature films - and other airlines are likely to follow suit

Advertisement for FT FINANCIAL TIMES CONFERENCES COMMERCIAL AVIATION IN THE ASIA-PACIFIC REGION TO THE END OF THE CENTURY AND BEYOND. Includes speaker list and contact information.

Advertisement for Hyatt Home of executive clubs. Includes profile text and a large image of a Hyatt Regency hotel building.

BUSINESS TRAVEL 9

David Churchill assesses the world-wide battle to attract airline passengers

Two-abreast seating forms class apart

THE NORTH Atlantic air-routes are the busiest and most profitable for the world's airlines. Some 12 large carriers and five smaller ones operate to North America from either London Heathrow or Gatwick. From continental Europe to North America and vice versa there are at least a similar number.

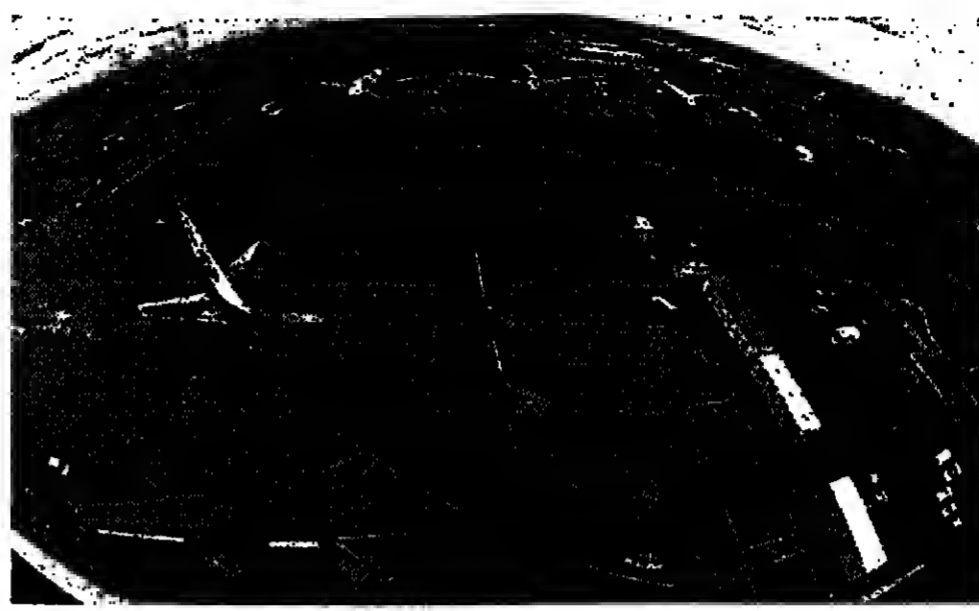
It is on these routes that competition is fiercest and most changes in the business class product are to be found. The latest attraction, albeit for fairly sophisticated tastes, is the introduction of the new Boeing 747-400 series aircraft with a number of airlines which give a greater range and capacity for services.

While British Airways clearly dominates the traffic out of the UK, it is the American carriers Pan American and TWA which carry most Americans into Europe. This, however, has much to do with the fact that these airlines have better connecting networks within the US, thus making it easier for them to attract business.

It was for this reason that BA was so keen to tie-up with United Airlines, since this would have given it an important stake in a large internal US carrier and enable it to offer business travellers through bookings. BA, however, still has a marketing deal with United, although clearly it would have preferred a financial stake in the company.

Both PanAm and TWA have re-vamped their business class services this year and PanAm especially seems to have recovered from the Lockerbie tragedy with some aggressive marketing and pricing.

Delta Airlines, which operates mainly out of the Atlanta and Cincinnati hubs, is regarded as having one of the best business class operations



The Boeing plant at Everett, Washington, where the 747-400 airliner is built

cally with the business traveller in mind and has a fully-equipped business centre. Its main problem has been the inability of jet aircraft to fly from the airport which, if allowed, would considerably increase the range of airports served.

• **SOUTH EAST ASIA:** Far Eastern airlines services traditionally have a reputation for service far ahead of that offered in Europe or on the north Atlantic routes.

This, however, is not just a marketing ploy to tempt business travellers but reflects the very real need of helping executives cope with jet-lag and flights lasting more than 20 hours or so.

Cathay Pacific and Singapore Airlines have emerged in the 1980s with well-deserved reputations for offering among the best of all business class services for style and comfort.

Cathay's re-designed Marco Polo business class service has wider seats in a seven-abreast configuration, instead of the previous eight-abreast. The new seats also have a combined leg and foot rest.

Singapore Airlines was one of the first airlines with the new Boeing 747-400 aircraft with extended range and seats, giving it the capability for more non-stop services.

Singapore is very conscious of its quality reputation and is halfway through a company-wide programme of improving its service both in the air and on the ground.

One of the important markets is the Tokyo route - dominated by JAL - although this was opened up somewhat this year when Virgin Atlantic started flights to Tokyo. In response, domestic Japanese carrier All Nippon Airways started a scheduled service to London.

of all the US-based airlines.

Wardair, consistently voted the best airline to Canada by most consumer surveys, also has one of the most popular business class services. The seat pitch at 46 inches is one of the largest of all transatlantic carriers - Virgin has the largest at 55 inches - and its six abreast configuration of seats is one less than most other airlines.

• **EUROPE:** The fast-approaching 1992 de-regulation of European frontiers is shaking up the European airline business since, in theory, the result should be full liberalisation of cross-European air routes.

For the business traveller this will create substantially more competition than at present since most air services within Europe are heavily regulated.

There is a jockeying for position among the large and small pan-European carriers. Dutch airline KLM, for example, acquired a minority stake in Air UK while SAS, the Scandinavian airline, followed with a minority share of Airtours of Britain.

Air Europe, the scheduled airline company which is part of the International Leisure Group, is also keen to establish links with other European carriers, especially after both Lufthansa and SAS pulled out of marketing link-ups with the UK airline.

Air Europe only introduced its business class service a year ago after it realised that although executives liked its cheap fares, they also wanted some extra perks.

Apart from an executive lounge at Gatwick, it offers a ten-minute check-in facility at

the gate with hand-baggage.

Dan-Air has extended its Class Elite business class service following its successful introduction on the Paris and Nice routes last year. Business travellers are guaranteed two-abreast seating, with the middle seat on Boeing 737s and BAe 119s becoming a table.

Air France, which serves a network of 107 cities, has also targeted the UK market by offering services to a variety of UK regional airports.

One UK airport which many London executives might still regard as a regional airport is the London City airport.

After a shaky start following its opening two years ago, the airport - based in the heart of London's Docklands - is slowly winning the confidence of City-based executive travellers.

The airport was built specifi-



Time out before the race to London: Air UK starting lounge at Glasgow airport

The UK domestic scene is highly competitive

Battle for trunk routes

MORE THAN 11m passengers travelled last year on scheduled domestic air services and, in spite of recessionary ruminations, the numbers are still rising.

While leisure travel forms a growing element, domestic flights depend essentially on the business traveller. Some two-thirds of British Airways Shuttle passengers travel on business. Other airlines tell a similar story.

British Airways, with nearly 5 1/2m domestic passengers last year, carried about 50 per cent of the market on an average of nearly 200 domestic flights a day.

Of these, by far the busiest are the Shuttle trunk routes to Edinburgh, Glasgow, Belfast and Manchester to such an extent that, to the irritation of competitors, passengers tend to use "Shuttle" as a generic term for domestic services.

BA's closest rival is British Midland Airways (BMA), now nearly 25 per cent owned by SAS, the Scandinavian airline. It expects to carry close to 2 1/2m domestic passengers this year, most of them on its Heathrow-based network serving eight British cities.

BMA claims more than 30 per cent of the Glasgow and Edinburgh market, and just under half the Belfast market. BA claims higher load factors and a higher proportion of the business market.

BA has recently taken the offensive with an £11m Super Shuttle relaunch, including meals on morning, midday and evening flights. It has moved away from the pure shuttle doctrine by offering, in effect,

two travel categories: a higher-priced "executive" ticket which carries the traditional standby aircraft guarantee and a cheaper "saver" fare that offers a firm booked seat, but no standby aircraft.

BA claims many passengers neither need nor want to pay for the convenient but costly promise of a standby aircraft - a promise that cost the airline £5,000 an hour to keep.

The airline has also thrown its computer resources into a "time-saver" self-ticketing system that automatically issues a boarding pass and ticket and bills the passenger's account all in 40 seconds. Mr Michael Brit, BA's head of central marketing, is "very encouraged" by market response to the relaunch.

BMA, whose domestic traffic has risen by 20 per cent this year, responds with what it claims is international business class cabin service, plus attractions such as volume discounts for frequent flyers. It sees computerised ticketing as a future option, but is reluctant to risk losing the reputation for personal service that it sees as a competitive strength.

The third London-to-Scotland contestant is Air UK, which claims well over 1m domestic passengers a year, flies from Gatwick to Manchester, Newcastle and Aberdeen, among routes in competition with BA from Heathrow. It claims that since taking over the Manchester route from BCal a year ago, its traffic has risen by nearly 40 per cent.

West country-based Brymon Airways has built a solid domestic business with flights from Plymouth, Newquay and Exeter into Heathrow or Gatwick.

Many of the smaller regional carriers can tell their own success stories.

both passenger numbers and revenue.

However, Air UK's strategy is largely based on Stansted, which managing director Mr Bob Frost calls "the biggest opportunity open to us today."

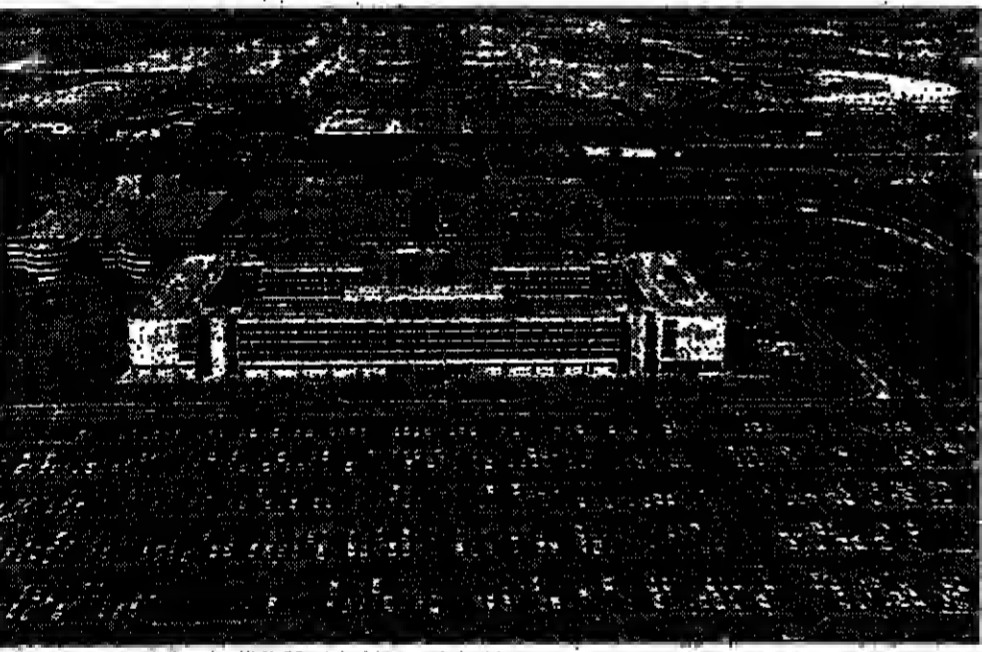
He foresees a transformation in the domestic scene when Stansted's high speed rail link to Liverpool Street opens in spring 1991. "Passengers haven't begun to realise what Stansted will offer, including the fastest and easiest journey from Scotland to the City. It is going to turn Stansted from a regional domestic airport into a major national air travel hub," he says. Air UK has twice-a-day services from Stansted to Glasgow and Edinburgh, and expects them to match its Gatwick-Scotland flights in frequency within the next few years. Belfast flights are planned for 1990 and Mr Frost is keenly interested in developing Aberdeen.

Dan Air, the fourth largest operator with nearly 850,000 domestic passengers a year, flies from Gatwick to Manchester, Newcastle and Aberdeen, among routes in competition with BA from Heathrow. It claims that since taking over the Manchester route from BCal a year ago, its traffic has risen by nearly 40 per cent.

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Many of the smaller regional carriers can tell their own success stories.

James Croall



Gatwick airport: one of the hubs of domestic travel, soon to be joined by Stansted

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BUSINESS TRAVEL 11



Crest Hotels: provides women with its Lady Crest service

Businesswomen on the move

Colour of the credit card is just the same

THE BUSINESS travel industry is shooting itself in the foot with its continued policy of treating women business travellers as second-class citizens, say high-flying female executives.

Women represent 20 per cent of Britain's business travellers and are the fastest growing market in the industry. They place significant demands on travel services and their positioning in the market is not going to disappear.

Demographically, it is estimated that by 2000 women will take four out of five new jobs. Britain is sitting on a recruitment time bomb. The population slump of the 1970s is already having a knock-on effect with labour shortages manifesting themselves in certain areas.

As a result, women are being encouraged to return to work.

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to fill the vacancies. Only last month Mr Norman Fowler, the Employment Secretary, called for companies to start providing better childcare facilities as an incentive to enticing women into the workplace. Groups such as Equal Opportunities Commission are actively lobbying for changes and subsidised child-minder rates.

In other words, business women travellers are not going to go away. They may make slightly different demands than their male counterparts but the colour of their credit cards is just the same.

Women business travellers are big business. According to Ms Maureen Fitzgerald, a business development manager for Unisys and member of the Businesswoman's Travel Club set up two years ago to represent female jet-setters, the travel industry is missing out on a golden opportunity to win new clients from which rich pickings are to be made.

"Women travelling on business are accepted on sufferance, as an oddity which may go away if ignored... Yet they are easily identified and their needs are easy to satisfy within existing frameworks - invariably at low cost," she says.

"In ignoring this market sector, the travel industry is breaking one of the most fundamental rules of good business management - spot a trend and make it for all its worth - and in so doing it diminishes its ability to generate profits while simultaneously alienating substantial numbers of its customers."

Both society and the travel industry itself are culpable for stereotyping women. And it is not just a figment of their imagination. A survey commissioned by the Business Woman's Travel Club showed that women were treated like second-class citizens when travelling abroad. Asked about airlines, about half of the 146 women questioned felt that cabin crews gave them far less attention than men. Many complained that a good deal of sexism came from the stewardesses themselves who frowned over men while ignoring women passengers.

Some airlines made the biological assumption that, as potential mothers, female busi-

ness travellers would not object to sitting near children.

Women are not looking for special treatment, just simply recognition, says Ms Trisha Cochrane, the travel club's secretary.

Having run the gamut on the flight, many women face further hurdles when they reach the hotel. The survey showed that single women are at best treated as in the hotel bar and at worst propositioned as prostitutes. Many preferred to eat alone in their rooms to avoid harassment from businessmen and male hotel staff.

It is not surprising that security was most important to businesswomen travellers. All felt that chains and peep holes should be standard on hotel doors, that room numbers should be confidential and that they should not have to stay on the ground floor.

Some hotel chains lack the home comforts that make a stay more enjoyable such as proper hanging space, extra toiletries and hair-driers.

Few women want segregation in hotels and instead, believe certain thoughtful tweaks to the system would render most hotels pleasant stays. "Women would not feel the need to be segregated if they knew they could get appropriate service, security and facilities in every hotel they stayed in," emphasises Ms Cochrane.

"All that is needed is a change of attitude and a little more thought and consideration shown by management, staff and other guests so that women can travel freely," she says.

Of course, many companies have adopted these ideas. Crest Hotels, for example, singles out women with its Lady Crest service by providing more hanging space, softer decor, and rooms near lifts with spy holes on the doors.

Hamada Hotels does not provide special hotels for women, but has a company training scheme which every member of staff goes through to develop

Few women want segregation in hotels and believe thoughtful tweaks to the system would render most hotels pleasant

positive attitudes to women. The international Marriott chain does not segregate rooms either, and claims its policy is to provide high quality service and security for everyone.

Perhaps companies should take a note out of Richard Branson's book. Virgin Atlantic's latest television advert plays on the women business traveller theme. The classy female business executive is seen enjoying top-class service from airline staff and feeling relaxed enough to ogle at a male steward.

It would not harm certain travel companies to follow that example of true equality. Travel industry policy tends to ignore the rapidly-growing market of women business travellers. It will be their financial loss when rivals recognise the benefits of treating women equally.

As Ms Fitzgerald frankly points out: "What customer will pay to use a service which pretends she doesn't exist, when there is a competitor who has laid out the red carpet to welcome her?"

Helen Silfingsby

SPORTS-LOVING business travellers visiting Canada's commercial and financial hub will shortly have an attractive new option to consider when deciding where to spend the night.

By January 1, the 348-room SkyDome hotel should be fully operational. The hotel, part of the SkyDome stadium - the city's new C\$350m (2305m) sports complex which boasts a Hard Rock cafe and a retractable roof among other amenities - will have 71 rooms overlooking the playing surface.

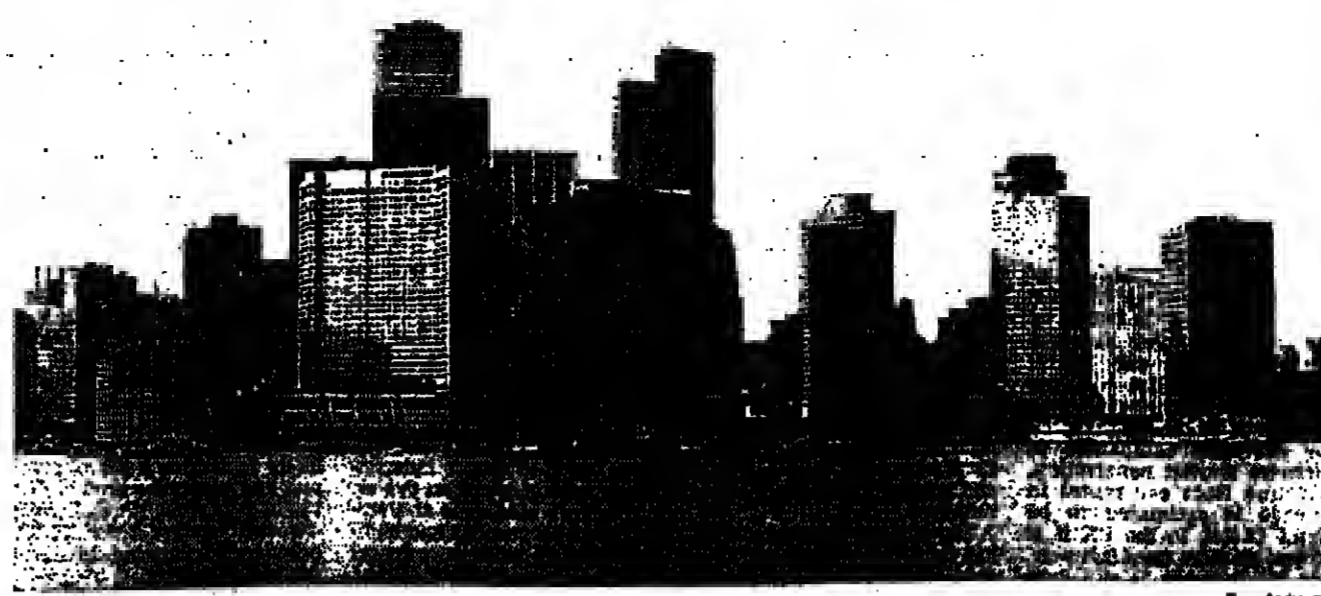
Nightly rates will range from C\$175 (about average for a Toronto luxury hotel) to C\$850 for a hi-level suite. Rooms with a view will start at C\$275 a night for dates when events are scheduled.

With bookings already coming in for special occasions such as baseball's 1991 all-star game, it will clearly pay to plan ahead.

The stadium is centrally located, so the hotel should be relatively convenient for business meetings.

However, for those seeking to avoid the soulless anonymity which can pervade even the best chain hotels, the history of choice in Toronto remains the Windsor Arms.

This small hotel, recently purchased by Japanese interests in the shape of Edoken Canada, is situated near the expensive Yorkville shopping area, a ten-minute taxi ride from the financial district. Individually (and idiosyncratically) furnished rooms lend it something of the air of a coun-



Toronto: get to know the subway which is safe, efficient and tidy

Tony Andrews

BUSINESS CITIES: Toronto offers a room with a sporting view

Playing the SkyDome option

try mansion. The hotel's high teas are strongly recommended, as is the Three Small Rooms restaurant.

The general standard of restaurants in Toronto has risen by leaps and bounds over the past two decades, the legacy partly of the accelerating influx of immigrants into the city from all corners of the globe.

Most of the ethnic tastes are catered for. The city's sprawling Chinatown, centred on Dundas Street and Spadina Avenue, is a particularly happy hunting ground.

Probably the best restaurant in town for the certified "foodie" is Jamie Kennedy's adventurous Palmerstons,

about a mile west of the city centre on College Street. The menu, specialising in unusual combinations of flavour, is as exuberant as the waiters and the setting are austere. Sweetbreads are a speciality. Expect to pay C\$60-C\$70 per head, including wine.

In the medium price range, the Cajun restaurant Southern Accents - on Markham Street near the garish Honest Ed's department store - is hard to beat, not least for its generously proportioned cocktails. Blackened and bronzed dishes are uniformly flavourful and excellent. For spice lovers, piquant shrimp and woodoo pasta are the order of the day. Service is outstanding.

Advance bookings are advised for both establishments.

Among the pick of the bunch in the cheap and cheerful category is The Real Jerk, a rancorous West Indian restaurant on Queen Street east.

A range of roti and curry dishes is on offer, as well as a surprisingly delicately spiced Jerk chicken. It is not unusual to escape for less than C\$15 per person. It helps if you enjoy a reggae music accompaniment.

Recommended at lunchtime are Sotogam, an unpretentious Indian restaurant on Bay Street which serves a first class luncheon buffet catering particularly well for vegetarians, and Simcoes, an up-market pasta eatery. The latter also boasts a fine selection of fruit sorbets.

On a less cheerful note, it is worth bearing in mind that Toronto's traffic problem is getting worse. Two upshots of this are: first, allow at least an hour for the trip to the airport if departing between 2.30 pm and 9 pm. Second, become familiar with the subway. This is safe, efficient and very, very tidy. As one New York acquaintance remarked: "Jeez, it's cleaner than my house in here."

Finally, although everybody knows that Canada is cold in winter, Toronto's oppressive summer heat and humidity is often overlooked.

If visiting between June and early September, lightweight clothing is accordingly indispensable.

David Owen

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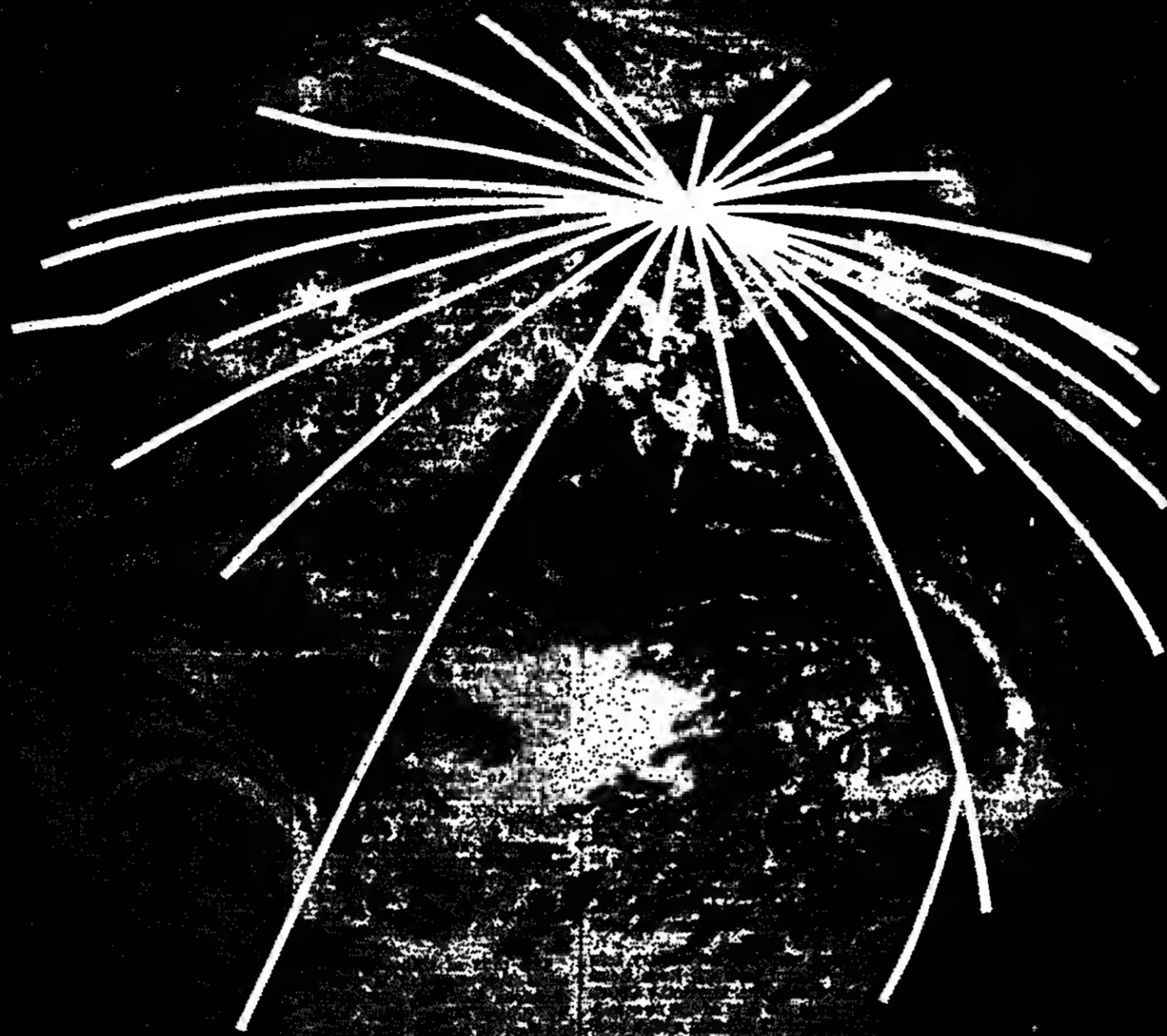
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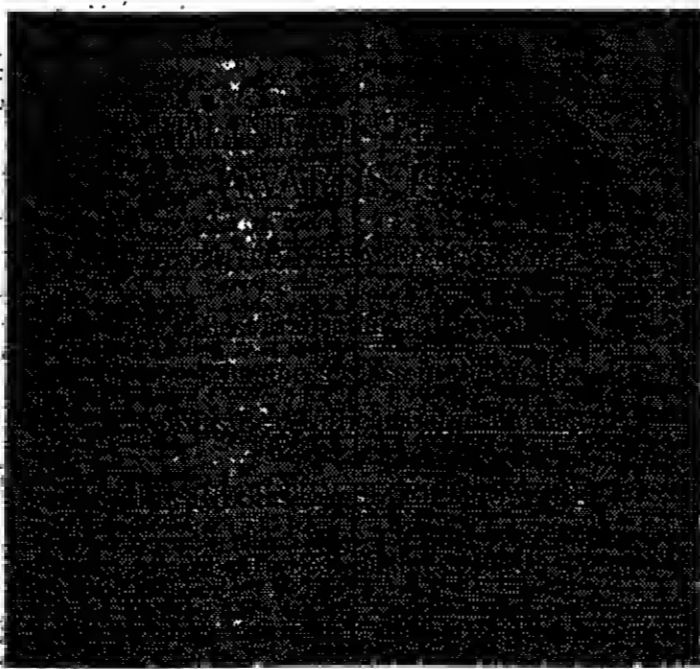
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BUSINESS TRAVEL 17

AGENCY IMPLANTS

Specialists in cutting costs

INDUSTRY OBSERVERS believe travel agency "implants" will become more popular as companies grow to meet the challenge of the single European market. Having travel agency staff permanently implanted in offices can also reduce the pay-roll burden.

Only companies with large travel budgets, from £200,000 to £1m-plus, would justify this arrangement, although it often makes less sense to take an implant on board if you are located in a large city due to the price of office space.

The temptation is not to charge the travel agency the going commercial rent for the space they are taking up.

Based on office, an agency moves into the company premises and handles the travel budget alongside, or instead of, a travel manager.

Mr Arthur Lydall, vice president of the Institute of Travel Management, stresses that because there can be a conflict of interest "the implant staff have got to be true to the guys who pay their salary. So, in the

at a guess, but it's a lot of money."

British Aerospace, with the biggest order book of any British manufacturing company, has thousands of travellers worldwide from a total of 251,000 employees.

No central department or person manages the spend as a range of travel agents book the air fares and car hire while secretaries have been looking after hotel accommodation bookings.

Any special deals or corporate rates were lost as communicating them to so many travel purchasers became almost impossible.

New company policy to spend more wisely swung the spotlight on travel expenditure and the rationalisation began. Two travel agencies have been disposed of while business to the remaining agents has been reduced.

In addition, American Express was brought in two months ago to handle more than a third of the business through five implants scattered around the UK.

"The more you can amalgamate your business the more purchasing power you can gain," says Mr Hart.

Until two years ago, British Aerospace was using 40 car hire companies; now it has just one car hire implant. By consolidating its business with fewer travel suppliers British Aerospace can start to flex its corporate buying muscle.

American Express has taken on more of a management consultancy role at the company.

"We've been brought in to identify the total travel spend and manage it as there's no common travel policy," explains Mr Cathy Nicholas, account manager with American Express on the British Aerospace business.

British Aerospace quickly concluded that, without computer-based procedures and management information on travel patterns, it would never know just what the money was being spent on.

An implant was thought to be the ideal way forward, explains Mr Hart, because "we're here to build aeroplanes, not to run canteens or travel agencies."

"We rely heavily on sub-contractors or specialists and the bigger we get the more obvious that strategy becomes."

The switch from being serviced by travel agencies based outside the business to an implant stemmed from the desire of the company to instigate a "total travel concept" as Mr Hart calls it.

"We want to integrate it all and it's far better to have it on site when we spend so much money and need so much flexibility and instant travel arrangements."

Gillian Upton

Companies want a more structured and active form of incentive travel, says David Churchill

Motivation for the intinerant executives

EXECUTIVES FROM Crown Financial Management, financial services company, were recently sent on an incentive trip to Switzerland. But this was no ordinary incentive: participants were split into teams and given a one-day Swiss rail pass with the objective of finding and photographing a number of Swiss landmarks.

"The emphasis in incentive travel is now on doing rather than seeing," points out Mr David Hackett, chairman of the Marketing Organisation Group of incentive travel operators.

"Incentive travel used to involve, typically, a three-night stay at five-star hotel, good food, a gala dinner, and a couple of excursions, but this is no longer the case as companies want a more structured, competitive programme of some form of activity."

Travelling on an incentive trip or to a conference or exhibition is a large part of the business travel market. Some estimates suggest that, internationally, nearly one in four travellers are involved in conference or incentive travel. Domestically, the proportion is believed by business travel experts to be much higher.

Expenditure by UK companies on incentive travel has been estimated at just under £300m this year; UK exhibitions at £500m; and conferences at £900m. These figures are believed by many to underestimate the total size of the market: many conferences and other travel arrangements are not monitored by any of the fledgling trade associations which have emerged in the 1980s.

Another issue is the fine dividing line between travel to conferences and exhibitions and incentive travel trips. Many companies disguise an incentive trip as a conference by arranging to hold business seminars away from the office at some exotic destination.

Mr Hackett believes it is in many cases wrong to draw a distinction between incentive and conference travel. "All overseas travel programmes must be motivational," he says. "Unless they are, there seems no point in taking the group outside the UK."

He points out that "any incentive trip is logically the client's top performing echelon." Thus, he adds, holding a meeting with them while at an overseas venue on an incentive trip brings extra benefits. Equally, as a conference programme it would be unusual to organise the whole event without including some motivational content.

Motivation is clearly the name of the game in incentive and conference travel. The straightforward incentive trip has traditionally been used for motivating sales forces in industries such as insurance, motors and pharmaceuticals. Companies in these sectors depend a great deal on highly motivated sales forces to sell their products.

The problem with such performance-related incentives is that they motivate only the high-flyers: those without a realistic chance of achieving the travel award may be demotivated early on.

Ways around this problem are continually being devised by incentive travel organisers. Different grades of trip, for example, is one solution, as is the use of a voucher or points system to enable the executive to build up to a range of travel opportunities.

The typical incentive trip, not surprisingly, is hard to define. Trade estimates put the average duration of a trip at about one week, with the average spend per participant some £2,500 for long-haul and £1,000 for short-haul.

A large concern for companies is not to have important executives out of the office for too long. Experience has shown that companies prefer flight times of up to 1½ hours for short-haul flights, although are prepared to allow up to 10 hours for travel to a long-haul, exotic destination. Companies also prefer not to have to change aircraft and to remain at one centre with a strong local interest and image.

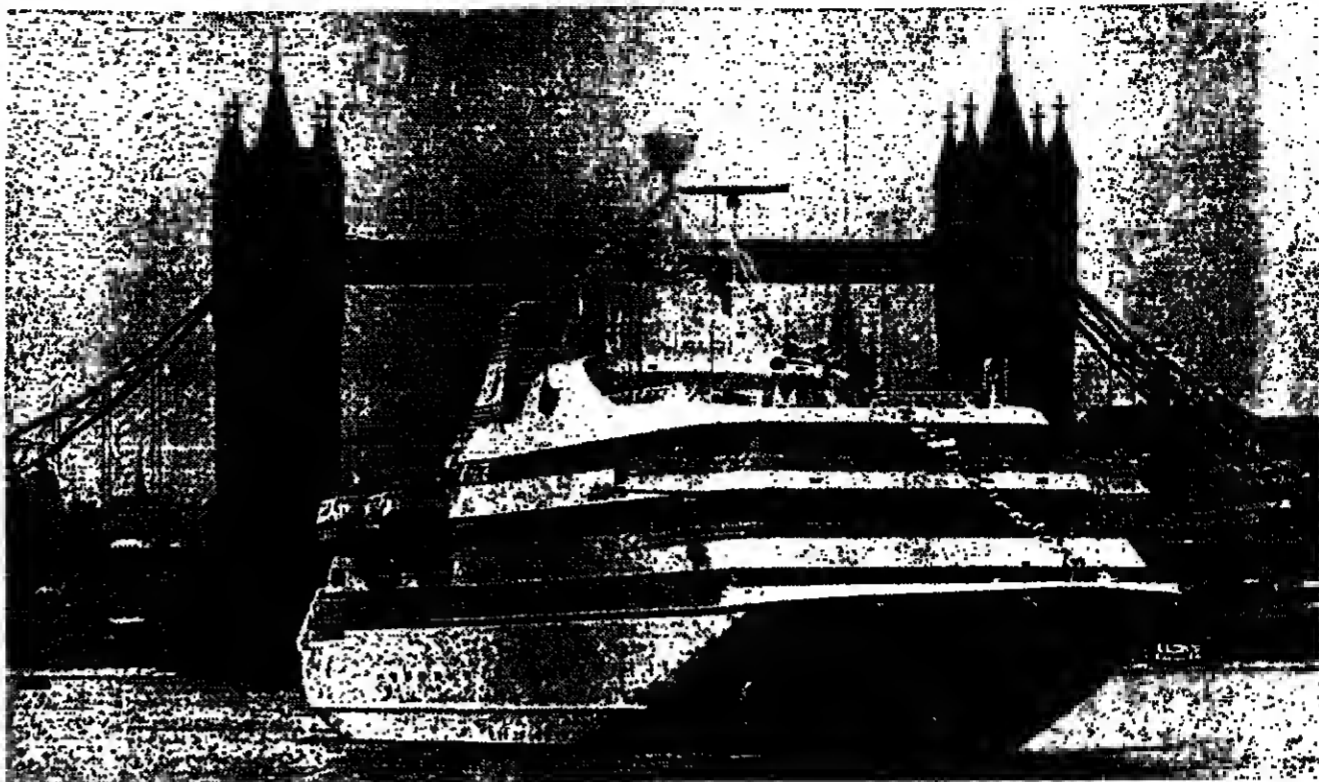
For Britons, France and Spain are the top destinations because of their accessibility, but long-haul is increasingly popular. For Americans accessible places such as Hawaii and the Caribbean are most attractive.

Florida is rapidly becoming the top conference and incentive destination in the world for both Americans and Europeans. Its popularity with conference organisers stems from its accessibility, climate and the range of attractions.

The draw is Walt Disney World, just outside Orlando. In recent years Walt Disney has increasingly recognised the value of the conference market in making greater use of its entertainment and leisure facilities at its theme parks.

According to conference organisers, this is in marked contrast to a few years ago when conference groups were not given such a high priority.

"The fact that the readers of Meetings and Conventions magazine in the US continually rate Walt Disney World among the nation's top meetings venues suggests the quality of the meetings that the WDW convention staff can help create," points out Mr Stephen Birnbaum, travel guide editor and



Corporate cruising: the Sea Goddess I (above) is often chartered by companies for entertaining business clients. Walt Disney World in Florida (right) one of the top meeting venues in the US offers a total conference package



author of a guide to the Disney theme parks.

"While other meetings centres may outstrip Walt Disney World in some single areas, the total meetings package - accommodation, food, service, diversions and meetings facilities - has few equals," he adds.

Florida is also popular for other reasons: Irish Life, for example, recently organised a two-night incentive trip to Miami to watch an American football game.

One problem concerning conference and incentive travel organisers is the reluctance of the leading airlines to produce discounted fare structures based on destination as well as origin of trip.

At present multinational company travel to meetings incurs heavy fares penalties, points out Ms Alison Moxom, managing director of travel organiser Travel For Industry.

"While travel organisers can typically achieve a 40 per cent reduction on a bill for 30 people from the UK flying together as a group, there is no system in place for 20 meeting dates

flies flying to the same destination for the same purpose from different points in the world."

Airlines, she believes, would gain business, promote themselves to individual frequent flyers, and create opportunities to develop goodwill and repeat sales. "Worldwide demand in the sector in which we operate is rocketing, but the airlines are still bogged down in the traditional competitive stance between carriers on a route," she says.

Cruising has become one of the important growth areas in the conference and incentive market. Not only is it perceived as a luxury trip by participants (even though the cost may be no more than a shore-based conference) but it also offers several advantages over regular conference and incentive destinations.

Costs are more easily controllable since all the main charges are included. Participants are kept in one place, which makes it easier to direct a message to them, and the choice of locations and days at sea can be varied.

An on-site agency handles the travel budget

long term, they may not be so cost-conscious."

He says it is important that the implant staff work under the supervision of a trained company travel manager who has a personal career interest in seeking out money-saving opportunities.

It is very easy to persuade a financial controller that an implant is going to save him money as, in the first instance, the move is going to save him salaries, says Mr Lydall.

"But often the implant staff are under-employed and suffer from lack of career advancement. However, the agency is nervous about moving them on for fear of upsetting the client relationship."

Disasters also worry about security of information. It raises questions about outside companies knowing the travel itineraries of other companies' senior executives. But supporters of such an arrangement generally agree it is the one way for an agency to get into the culture of a large company.

Just two months ago British Aerospace decided to embark on a massive review of one of its fastest growing divisions, Commercial Aircraft.

Mr Ted Hart, who oversees capital revenue purchasing as purchasing executive at the division, freely admits that travel expenditure was an item not given enough scrutiny.

"Travel expenditure is invisible and gets buried in petty cash; it's one of the dilemmas we face," says Mr Hart. "We've always underestimated what we spend. It's tens of millions

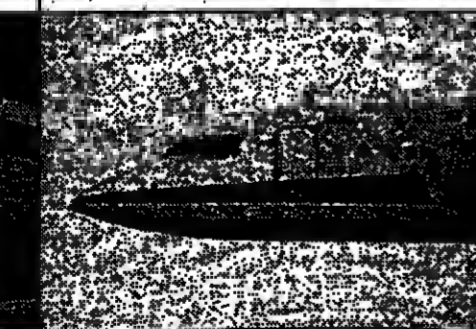
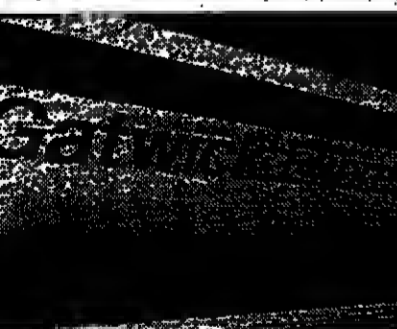
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